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DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES
FOR THE
UNITED STATES
DEPARTMENT OF AGRICULTURE
FOR THE FISCAL YEAR ENDING
JUNE 30, 1960



A SEPARATE FROM THE BUDGET OF
THE UNITED STATES GOVERNMENT
1960

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FOR THE
UNITED STATES
DEPARTMENT OF AGRICULTURE

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JUNE 30, 1960

A Separate from the Budget of the United States Government
1960



UNITED STATES
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INTRODUCTION TO PART I

Part I of the budget contains five summary tables. Each of these tables is designed to bring together in one or two pages some overall aspect of the Federal budget.

TYPES OF FUNDS

A basic distinction is made between Federal funds on the one hand, and trust and deposit funds on the other.

The *Federal* (Government-owned) funds are of four types as follows:

The *general* fund is credited with receipts which are not earmarked by law for a specific purpose, and is charged with expenditures that are payable from appropriations (except appropriations of earmarked receipts) and those payable from borrowing. Both in number of items and in amounts, most of the Government's business is transacted through the general fund.

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

The other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained in the introduction to part III.

BUDGET RECEIPTS, EXPENDITURES, AND SURPLUS OR DEFICIT

The budget totals and the budget surplus or deficit relate only to the Federal funds, and exclude trust and deposit funds. Tables 1, 2, and 3 are therefore limited to transactions of the Federal funds.

Basis of stating budget receipts.—Table 1 includes a summary of budget receipts. Budget receipts represent the total received for the general fund and the special funds, less (a) refunds of receipts and (b) transfers to trust fund receipts in the four cases where the law provides an indefinite appropriation to a trust fund in an amount equal to certain tax receipts. Gross receipts and the deductions are itemized in special analysis B of part IV.

Internal revenue and customs receipts are stated on the basis of collections reported by collecting officers. Other receipts are reported on the basis of confirmed deposits.

Basis of stating budget expenditures.—Tables 1 and 2 include information on budget expenditures. Such expenditures cover the general fund, the special funds, the public enterprise funds, and the intragovernmental revolving and management funds. Expenditures for the public enterprise funds and for the intragovernmental funds are included in the totals on a *net* basis—that is, their collections are deducted from gross expenditures and the results are the net expenditures. Legislation will be proposed this year to establish five new public enterprise funds. Interagency payments and reimbursements to appropriations are also netted; that is, to avoid double counting they are treated only as expenditures of the agency whose appropriation or fund is ultimately bearing the charge. Some incidental reimbursements from outside the Government to appropriations are similarly netted out of expenditure figures.

Under the *checks-issued* basis which is used, expenditures are reported for the fiscal year in which the checks are issued, regardless of when the obligation was incurred or when the goods and services were received. Modifications in this basis are made as follows: (a) Where payment is made in cash instead of by check, the cash payment is an expenditure; (b) where payment is made by the issuance of bonds or by an increase in their redemption value, instead of by the issuance of checks, such an issuance or increase is an expenditure; and (c) interest on the public debt, other than increases in the redemption values of savings bonds, is reported on an accrual basis.

Debt and investment transactions.—Receipts never include money obtained from borrowing by any type of Federal fund. Nor are borrowings considered as a deduction in arriving at budget expenditures. Similarly, retirement of debt is always excluded from budget expenditure figures of all types of Federal funds. The purchase of U. S. Government securities, and redemptions or sales thereof, are also excluded from expenditure and receipt figures.

Eliminations from both receipts and expenditures.—Certain transfers from one fund to another are eliminated from budget receipts and expenditures. This is done to avoid inflating both sides of the budget. Payments to the general fund of earnings and dividends on capital of revolving funds, and the return of such capital to the general fund are the items so excluded. However, interest paid to Treasury by such funds is considered a cost of the fund and is therefore not eliminated.

Budget surplus or deficit.—The budget surplus or deficit shown in table 1 represents the difference between the *budget receipts* and *budget expenditures* of a given year. Cash balances, appropriation balances, and surpluses and deficits of previous years are not a part of the calculation.

NEW OBLIGATIONAL AUTHORITY

Table 3 summarizes the new obligational authority—the total of authority becoming available in a given fiscal year for entering into new obligations.

The obligation basis.—Expenditures can be made only pursuant to appropriations or other specific authority granted by Congress. Government agencies are generally permitted by law to incur obligations requiring the future

payment of money only when they have an appropriation or other specific authority to do so. Congressional action on the budget must therefore include authority to cover *obligations* expected to be incurred within the fiscal year, rather than to cover only the *expenditures* which are expected to be made during that year in payment of obligations.

Types of new obligational authority.—There are three basic types of new obligational authority: Appropriations, contract authorizations, and authorizations to expend from debt receipts. In addition, there are sometimes reappropriations and reauthorizations.

Appropriations are authorizations to make expenditures from the general fund of the Treasury or from the various special funds. In some cases the authority to incur obligations has previously been granted in the form of contract authorizations; in such cases, the appropriation to permit the payment of such obligations is said to be to *liquidate contract authorizations* and it is not a part of new obligational authority. In all other cases appropriations confer authority both to incur new obligations and to pay for them.

Contract authorizations are authorizations to incur obligations prior to the enactment of an appropriation. A contract authorization does not in itself permit the spending of money; hence it must be followed by an appropriation to permit payment of the contracts and other obligations thus incurred.

Authorizations to expend from debt receipts are authorizations to incur obligations and make expenditures from borrowed money. Such authorizations may take these forms: (a) Authorizations for the Treasury to make public debt receipts available to a given agency or enterprise, often in exchange for notes of the enterprise; (b) authorizations for a Government-owned corporation to borrow directly from the public; and (c) cancellation of notes which have been issued by a Government enterprise and are held by the Treasury, where the cancellation has the effect of permitting further expenditures to be made (through restoring previously used authority to borrow from the Treasury).

Reappropriations and reauthorizations are actions to continue available part or all of the unused balances of prior appropriations or authorizations which would otherwise expire. When the authorizations thus continued had been previously granted for current operations of the year, the continuation of their availability into a new year constitutes new obligational authority.

Distinction between permanent and current authorizations.—Some new obligational authority is *permanent*, but most is *current*. The permanent items are those under which additional sums become available from time to time under action previously taken by the Congress; no further action is required each year. Most permanent authorizations are in force until repealed; a few are in effect for only a few years as specified in the law. The current authorizations are those enacted by Congress in or immediately preceding each fiscal year.

PROPOSED FOR LATER TRANSMISSION

Tables 1, 2, and 3 identify in separate columns the portion of receipts, new obligational authority, and

expenditures which are anticipated under proposed legislation and supplemental budget items under existing legislation. Such items are not provided for in the appropriation text included in this budget, but will be formally transmitted to the Congress later. Such estimates include, in addition to the various items which are identified in part II, an "allowance for contingencies" to cover items which cannot be foreseen now but which may be transmitted later if the need arises. Congressional action upon this allowance may be requested later, not at a single time nor as a single lumpsum item, but in the form of a number of specific appropriations for individual items.

EFFECT ON THE DEBT

Table 4 gives details regarding the effect of each year's operations upon the public debt. The budget surplus or deficit is not the only factor which causes a change in the public debt. The amount necessary to borrow or available to repay is also influenced by: Changes in cash balances; the result of trust fund transactions; the use of borrowing directly from the public (not Treasury borrowing) as a means of financing budget expenditures of certain enterprises (and the repayments of such borrowing as an application of public enterprise fund receipts); and the change in the amount of checks outstanding and other items in process of clearance through the accounts.

CONSOLIDATED STATEMENT

Table 5 brings together the total financial plan for the Government—the budget figures for Federal funds and the estimates for trust and deposit funds—for 1960; and it presents a consolidated statement of receipts from and payments to the public. The statement not only eliminates interfund payments, but also brings in certain transactions of Government-sponsored enterprises which are not otherwise reflected in the budget, converts to a cash basis those expenditures which are made in the form of debt issuances (or increases in the redemption value of debt), and eliminates noncash receipts resulting from seigniorage. Details on a 13-year basis and further explanations are given in special analysis A of part IV.

CLASSIFICATIONS

Receipts are classified in tables 1 and 5 by *source*, a classification which is set forth in detail in special analysis B of part IV.

Expenditures and new obligational authority are classified in two ways in the part I tables. A classification by *function*, used in tables 1 and 5 and the first part of table 3, groups transactions according to broad governmental purposes; subcategories of this classification as applied to Federal funds are set forth in special analysis C. A classification by *agency*, used in table 2 and the second part of table 3, shows transactions by major organizational units of the Government, with most agencies that are independent of the ten executive departments being grouped together. The main entries in this classification correspond to "chapters" in part II of the budget and to the way in which part III is organized.

TABLE 1
SUMMARY OF BUDGET RECEIPTS AND EXPENDITURES

Based on existing and proposed legislation

[In millions]

Description	1958 actual	1959 estimate			1960 estimate		
		Under exist- ing laws and authoriza- tions enacted or recom- mended	Proposed for later trans- mission	Total	Under exist- ing laws and authoriza- tions enacted or recom- mended	Proposed for later trans- mission	Total
BUDGET RECEIPTS (special analysis B):							
Individual income taxes.....	\$34, 724	\$36, 900	-----	\$36, 900	\$40, 700	-----	\$40, 700
Corporation income taxes.....	20, 074	17, 000	-----	17, 000	20, 448	\$1, 000	21, 448
Excise taxes.....	8, 612	8, 467	-----	8, 467	7, 841	1, 104	8, 945
Employment taxes.....	333	328	-----	328	340	-----	340
Estate and gift taxes.....	1, 393	1, 365	-----	1, 365	1, 415	-----	1, 415
Customs.....	782	840	-----	840	900	-----	900
Miscellaneous budget receipts.....	3, 200	3, 100	-----	3, 100	3, 337	15	3, 352
Budget receipts.....	69, 117	68, 000	-----	68, 000	74, 981	2, 119	77, 100
BUDGET EXPENDITURES (special analysis C):							
Major national security.....	44, 142	45, 842	\$278	46, 120	45, 134	671	45, 805
International affairs and finance.....	2, 234	2, 293	1, 415	3, 708	1, 498	631	2, 129
Veterans' services and benefits.....	5, 026	5, 079	119	5, 198	5, 080	8	5, 088
Labor and welfare.....	3, 447	4, 150	230	4, 380	4, 092	37	4, 129
Agriculture and agricultural resources.....	4, 389	6, 753	22	6, 775	5, 863	132	5, 996
Natural resources.....	1, 543	1, 669	39	1, 708	1, 683	27	1, 710
Commerce and housing.....	2, 109	3, 135	374	3, 509	2, 454	² -210	2, 243
General government.....	1, 356	1, 531	142	1, 673	1, 713	22	1, 735
Interest.....	7, 689	7, 601	(¹)	7, 601	8, 096	(¹)	8, 096
Allowance for contingencies.....			200	200		100	100
Budget expenditures.....	71, 936	78, 053	2, 818	80, 871	75, 612	1, 418	77, 030
Budget surplus (+) or deficit (-).....	- 2, 819	-----	-----	- 12, 871	-----	-----	+ 70

¹ Less than one-half million dollars.

² Includes proposed postal rate increases of \$350 million.

TABLE 2
SUMMARY OF BUDGET EXPENDITURES
BY AGENCY
[In millions]

Description	1958 actual	1959 estimate			1960 estimate		
		Under authorizations already enacted	Proposed for later transmission	Total	Under authorizations enacted or recommended in this document	Proposed for later transmission	Total
Legislative branch.....	\$99	\$114	\$5	\$119	\$151	\$1	\$152
The judiciary.....	44	48	1	49	49	2	51
Executive Office of the President.....	75	67	3	70	65	10	75
Funds appropriated to the President:							
Mutual security.....	3,611	3,881		3,881	2,627	871	3,498
Other.....	470	311		311	111	136	247
Independent Offices:							
Atomic Energy Commission.....	2,268	2,630		2,630	2,717	28	2,745
Veterans Administration.....	5,098	5,168	119	5,286	5,193	—25	5,168
Other.....	1,194	1,477	63	1,540	1,357	173	1,531
General Services Administration.....	425	406	22	428	411	1	411
Housing and Home Finance Agency.....	199	1,057	7	1,064	317	(1)	318
Department of Agriculture.....	4,875	7,309	32	7,341	6,315	135	6,450
Department of Commerce.....	327	399	20	418	465	11	476
Department of Defense—Military Functions.....	39,062	40,522	278	40,800	40,677	268	40,945
Department of Defense—Civil Functions.....	733	767	3	769	850	3	853
Department of Health, Education, and Welfare.....	2,645	2,835	216	3,051	3,104	36	3,140
Department of the Interior.....	666	782	27	809	752	5	757
Department of Justice.....	229	233	19	252	258	1	259
Department of Labor.....	567	964	43	1,007	560	2	562
Post Office Department.....	674	459	293	752	459	² —350	109
Department of State.....	206	239	37	277	236	7	243
Treasury Department.....	8,446	8,357	1,421	9,778	8,897	3	8,900
District of Columbia.....	25	29	9	38	42		42
Allowance for contingencies.....			200	200		100	100
Budget expenditures.....	71,936	78,053	2,818	80,871	75,612	1,418	77,030

¹ Less than one-half million dollars.² Proposed postal rate increases.

TABLE 3
SUMMARY OF NEW OBLIGATIONAL AUTHORITY
BY FUNCTION AND AGENCY

Based on existing and proposed legislation

[In millions]

Description	1958 enacted	1959 estimate			1960 estimate		
		Enacted	Proposed for later trans- mission	Total	Recommended in this document	Proposed for later trans- mission	Total
BY FUNCTION							
Major national security-----	\$40, 448	\$45, 085	\$619	\$45, 704	\$41, 909	\$3, 313	\$45, 222
International affairs and finance-----	3, 983	2, 124	4, 945	7, 070	472	2, 337	2, 809
Veterans' services and benefits-----	5, 071	5, 003	122	5, 125	5, 049	5	5, 054
Labor and welfare-----	4, 161	3, 884	273	4, 158	4, 196	-----	4, 196
Agriculture and agricultural resources-----	6, 257	4, 173	1, 241	5, 414	4, 490	575	5, 065
Natural resources-----	1, 456	1, 700	243	1, 943	1, 741	3	1, 744
Commerce and housing-----	5, 863	2, 495	715	3, 210	2, 360	250	2, 880
General government-----	1, 417	1, 642	157	1, 799	1, 606	11	1, 617
Interest-----	7, 689	7, 601	(1)	7, 601	8, 096	-----	8, 096
Allowance for contingencies-----	-----	-----	400	400	-----	125	125
Total new obligational authority-----	76, 345	73, 707	8, 715	82, 423	69, 918	6, 888	76, 807
BY AGENCY							
Legislative branch-----	101	108	11	119	110	-----	110
The judiciary-----	44	45	3	48	51	-----	51
Executive Office of the President-----	51	55	4	58	85	12	97
Funds appropriated to the President:							
Mutual security-----	2, 764	3, 291	225	3, 516	-----	3, 930	3, 930
Other-----	41	13	325	338	8	10	19
Independent offices:							
Atomic Energy Commission-----	2, 362	2, 723	-----	2, 723	2, 622	150	2, 772
Veterans Administration-----	5, 035	5, 100	121	5, 222	5, 180	5	5, 185
Other-----	3, 055	1, 570	303	1, 873	1, 310	554	1, 864
General Services Administration-----	269	475	22	498	258	-----	258
Housing and Home Finance Agency-----	3, 666	242	307	549	155	252	408
Department of Agriculture-----	6, 796	4, 544	1, 373	5, 917	4, 939	575	5, 514
Department of Commerce-----	284	453	20	474	504	55	559
Department of Defense—Military Functions-----	36, 747	40, 843	294	41, 138	39, 287	1, 563	40, 850
Department of Defense—Civil Functions-----	668	859	13	872	902	-----	902
Department of Health, Education, and Welfare-----	2, 749	2, 970	258	3, 228	3, 176	-----	3, 176
Department of the Interior-----	664	772	31	803	745	-----	745
Department of Justice-----	235	233	20	253	275	-----	275
Department of Labor-----	1, 182	556	45	601	570	-----	570
Post Office Department-----	908	265	293	558	522	2 — 350	172
Department of State-----	213	213	38	251	231	7	238
Treasury Department-----	8, 480	8, 348	4, 599	12, 948	8, 916	-----	8, 916
District of Columbia-----	32	28	9	37	70	-----	70
Allowance for contingencies-----	-----	-----	400	400	-----	125	125
Total new obligational authority-----	76, 345	73, 707	8, 715	82, 423	69, 918	6, 888	76, 807

¹ Less than one-half million dollars.

² Includes proposed postal rate increases of \$350 million.

TABLE 4
SUMMARY OF CHANGES IN STATUS OF PUBLIC DEBT

[In millions]

Description	1953 actual	1959 estimate	1960 estimate
EFFECT OF OPERATIONS ON CASH BALANCES AND PUBLIC DEBT			
Effect of operations on cash balances:			
Budget surplus or deficit (—).....	-\$2, 819	-\$12, 871	\$70
Trust fund operations, increase or decrease (—) in cash balances (table 10).....	496	— 551	— 107
Public enterprise debt and investment transactions, net (special analysis K).....	137	— 83	— 75
Increase in outstanding checks, deposits in transit, and similar items.....	670	177	112
Total effect of operations on cash balances.....	— 1, 517	— 13, 328	-----
Cash balances at start of year:			
In Treasury.....	5, 590	9, 749	5, 400
Outside Treasury.....	883	1, 023	700
Cash position resulting from operations.....	4, 956	— 2, 557	6, 100
Less cash balances at close of year:			
In Treasury.....	9, 749	5, 400	5, 400
Outside Treasury.....	1, 023	700	700
Increase (—) in public debt.....	— 5, 816	— 8, 657	-----
Public debt at start of year.....	\$270, 527	\$276, 343	\$285, 000
Increase in public debt.....	5, 816	8, 657	-----
Public debt at close of year.....	276, 343	285, 000	285, 000
COMPARISON OF PUBLIC DEBT WITH STATUTORY LIMITATION			
Public debt at close of year.....	\$276, 343	\$285, 000	\$285, 000
Plus guaranteed obligations of Government agencies not owned by Treasury.....	101	104	95
Less debt not subject to statutory limitation.....	431	425	425
Debt subject to statutory limitation.....	276, 013	284, 679	284, 670
Statutory limitation on debt at close of year.....	280, 000	¹ 283, 000	(¹)
Maximum statutory limitation on debt during year.....	280, 000	288, 000	(¹)

¹ Increases are being recommended in statutory debt limitations as outlined in the budget message.

TABLE 5

SUMMARY OF BUDGET AND TRUST TRANSACTIONS FOR FISCAL YEAR 1960

Based on existing and proposed legislation

[In millions]

Description	Budget funds (table 1)	Trust funds (table 10)	Interfund and other items (special analysis A)	Consolidated (spe- cial analysis A)
RECEIPTS				
Individual income taxes.....	\$40,700	-----	-----	\$40,700
Corporation income taxes.....	21,448	-----	-----	21,448
Excise taxes.....	8,945	\$2,906	-----	11,851
Employment taxes.....	340	10,791	-----	11,131
Estate and gift taxes.....	1,415	-----	-----	1,415
Customs.....	900	-----	-----	900
Miscellaneous budget and trust receipts.....	3,352	6,780	-\$4,075	6,057
Total receipts.....	77,100	20,477	-4,075	93,502
EXPENDITURES				
Major national security.....	45,805	164	-54	45,914
International affairs and finance.....	2,129	14	-44	2,099
Veterans' services and benefits.....	5,088	666	-13	5,742
Labor and welfare.....	4,129	15,344	-417	19,056
Agriculture and agricultural resources.....	5,996	22	-143	5,875
Natural resources.....	1,710	29	-3	1,735
Commerce and housing.....	2,243	3,624	-288	5,579
General government.....	1,735	395	-47	2,082
Interest.....	8,096	(¹)	-1,847	6,250
Allowance for contingencies.....	100	-----	-----	100
Undistributed.....	-----	2	-1,558	-1,556
Total expenditures.....	77,030	20,259	-4,413	92,875
Excess of receipts over expenditures.....	70	218	338	626

¹ Less than one-half million dollars.

INTRODUCTION TO PART II

Part II contains the details of the budget for Federal funds, including various types of tables and schedules, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for enactment by Congress on each item of authorization. Included herein is also material on a few trust funds which require congressional action.

This part of the budget begins with 4 statements (tables 6 through 9) which supplement the tables of part I. The remainder of part II is arranged in chapters reflecting the organization of the Government.

Each chapter begins with a summary narrative statement and certain summary tables. These are followed by detailed material for each appropriation or fund.

SUMMARY TABLES AND THEIR CONTENTS

SUMMARIES OF AUTHORIZATIONS AND EXPENDITURES

Listing of accounts.—A principal table for each chapter shows the new obligational authority and budget expenditures by appropriation account and fund. The listing is arranged by bureau or comparable organization unit and, for each such unit, is divided into several sections: Current authorizations (other than for public enterprise and intragovernmental funds), permanent authorizations, public enterprise and intragovernmental funds, and supplemental items proposed for later transmission.

Authorizations by type.—Forms of new obligational authority other than appropriations are set forth under the applicable appropriation titles, identified by separate line entries. A recapitulation at the end of the account listing shows the authorizations divided between current and permanent and classified by type. In this recapitulation new obligational authority for public enterprise and intragovernmental funds is classified with other authority of the same type. The figures are carried forward into a governmentwide summary in table 7.

Classification by function.—Functional code numbers appear in a separate column of the chapter listings, indicating the category in the functional table (special analysis C of part IV) where each item has been included.

Transactions of public enterprise funds.—An appended table in each chapter is used for public enterprise funds. It shows the gross expenditures, the receipts from operations, and the budget expenditures (the difference between the two other figures). The figures for gross expenditures and for receipts are derived from the detailed business-type budget statements, which show expenditures and receipts on an accrual basis with a single adjustment (on either the expenditure or receipt side but not both) for the conversion from an accrual to a checks-issued basis (net). The figures from the chapters are totaled in table 9.

SUMMARIES OF BALANCES CARRIED FORWARD

An analysis of unexpended balances for each chapter shows for each account the balances of budget authorizations carried forward at start and end of the past, current, and budget years. These balances are summarized in table 8.

Many budget authorizations are available for obligation for only 1 year, but some are available for longer periods of time or without time limit. In the case of those which are for a specific period of time, unobligated balances are written off at the end of that time, but obligated balances remain available indefinitely to pay outstanding obligations lawfully incurred.

In the case of salaries and wages, travel, and like items, the lag between obligations and expenditures is usually no more than a few weeks or a few months. In the case of construction, major procurement, certain research contracts and similar items, the lag between obligations and expenditures may be 1 or 2 years or even longer.

Balances are not in the form of cash, but are book-keeping authority for the incurring of obligations or for the making of expenditures. Cash must be provided at the time the expenditures occur.

The unobligated balance for each account or fund represents the difference between the unexpended balance and the net obligations outstanding. Net obligations outstanding represent the unpaid obligations (both those which have accrued into liabilities and those which are undelivered or unperformed) less the accounts receivable and intragovernmental orders for services or materiel which have been accepted but have not yet become receivables.

RELATIONSHIP OF TRANSACTIONS AND BALANCES

The total amount available—new obligational authority plus balances brought forward and adjustments—is shown on the last of the chapter summary tables, together with the expenditures and other disposition made of the amounts available. The body of the table is arranged to “flow” from start to end of the year; obligations incurred, net, are shown for reference at the end.

Similar information, but arranged to place obligations incurred within the sequence of the table’s flow, is summarized for the Government as a whole in table 6.

Writeoffs, restorations, and other adjustments in availability.—Writeoffs of unused balances of authorizations occur in four ways: (a) rescissions by act of Congress; (b) the automatic lapsing of unobligated balances when an appropriation expires for purposes of obligation; (c) the return of capital and transfer of dividends from revolving funds to the general fund; and (d) adjustments in the obligated balances of expired accounts due to the payment of obligations in smaller amounts than anticipated or to the amendment or cancelling of obligations.

Restorations of balances previously written off occur in the case of expired accounts when the balances left for payment of old obligations are insufficient to cover them, due to payments in larger amounts than anticipated, the amendment of obligations, or the discovery of previously unrecorded items.

Obligations incurred, net.—The obligations incurred are stated on a gross basis in the detailed schedules, but are summarized on a net basis, consistent with the method of stating budget expenditures and new obligational authority. Thus, the summary figures are based on total obligations incurred less reimbursements to appropriation accounts, revenues and other receipts of revolving funds, and recoveries of prior obligations.

Authority for expenditures.—Expenditures for the budget year are broken down on two tables in each chapter summary into those coming out of new obligational authority of the same year and those coming out of balances, etc. It is generally assumed that prior year balances available in commingled accounts will be obligated before the new authorizations are obligated, and that expenditures will reflect the liquidation of those obligations on the basis of previous experience. In the case of revolving funds it is assumed that budget authorizations are expended in an amount equal to the sums placed in the fund during the year, and that, if all of the authorization is not placed in the fund at once, it is moved to the fund and expended on a first-in, first-out basis.

FORM OF DETAILED MATERIAL

For each appropriation, the budget includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and other older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation instead of having detailed schedules.

In the case of revolving funds, there is usually the material listed above, together with three additional schedules, covering (5) the sources and application of funds; (6) revenue, expense, and retained earnings; and (7) financial condition. For some intragovernmental revolving funds the program and financing schedule is omitted.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1960 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for later transmission. The language of the 1959 appropriation acts is used as a base. Following the language are citations to relevant laws and the appropriation act from which the text is taken, as in this example:

ESTABLISHMENT OF METEOROLOGICAL FACILITIES

For an additional amount for the acquisition, establishment, and relocation of meteorological facilities and related equipment, including the alteration and modernization of existing facilities; [\$275,000] \$3,000,000, to remain available until [June 30, 1961] expended: *Provided*, That the appropriations heretofore granted under this head shall be merged with this appropriation. (15 U. S. C. 311, 313, 313a, 317, 325, 328; P. L. 728 (72 Stat. 783, sec. 803), 85th Congress; Department of Commerce and Related Agencies Appropriation Act, 1959.)

Appropriated 1959, • \$1,575,000 Estimate 1960, \$3,000,000
• Includes \$1,300,000 appropriated in Supplemental Appropriation Act, 1959.

Roman type shows the text used in the 1959 appropriation acts. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of two parts. In the section for program by activities, obligations are classified by purpose, program, or project. This classification, especially tailored for each agency and account, reflects the particular duties and responsibilities for which the money is used. The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year. Only three of the possible entries are illustrated here:

Program and Financing			
	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Upper-air observational facilities.....	\$35,290	\$96,200	\$1,261,920
2. Weather surveillance radar.....	317,890	454,250	478,565
3. Surface observational facilities.....	379,968	218,920	618,220
4. Construction of facilities in Alaska.....	311,553	275,000	170,000
5. Hurricane and tornado research equipment.....		1,300,000	
6. Engineering and technical support.....	217,719	152,220	165,326
Total obligations.....	1,262,420	2,496,660	2,689,031
Financing:			
Unobligated balance brought forward.....	-2,031,780	-1,369,360	-447,700
Unobligated balance carried forward.....	1,369,360	447,700	758,669
Appropriation (new obligatory authority).....	600,000	1,575,000	3,000,000

Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment. Appropriations

or other obligational authority must be provided by the Congress before obligations can be incurred.

Where the data are available in the accounting system, cost-type budgets are presented. In such cases, the figures opposite the activity entries are the value of goods and services consumed in carrying out the program, in the case of operating costs; and they are the value of capital assets received, in the case of capital outlay programs. The program portion of a typical cost-type budget looks like this:

Program and Financing			
	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Trainee expense.....	\$5,478,434	\$7,930,670	\$8,530,430
2. Operation of training facilities.....	3,043,946	3,462,990	3,460,360
3. Construction of training facilities.....	1,567,375	567,870	120,590
4. Administration.....	1,550,938	3,038,870	2,888,620
Total program costs.....	11,640,693	15,000,000	15,000,000
5. Unfunded adjustment to program costs: Property or services transferred in (-) without charge, net.....	-50,513		
Total program costs, funded.....	11,590,180	15,000,000	15,000,000
6. Relation of costs to obligations: Obligations incurred for costs of other years, net.....	849,487		
Total program (obligations).....	12,439,667	15,000,000	15,000,000

In those cases where the program is principally for procurement or public works, additional columns are often shown to make a more complete presentation. Where there is an accrued expenditure limitation there are additional entries to show the relation of costs to accrued expenditures and the relation of accrued expenditures to obligations. The financing section of a cost-type budget schedule is the same as for any other schedule.

The relation of costs to obligations is usually summarized in one or two lines on this schedule, but is amplified further in an additional text table inserted in the narrative statement which follows. A typical table is as follows:

	1957 actual	1958 actual	1959 estimate	1960 estimate
Selected resources at end of year:				
Inventories and items on order: Undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	\$382,592	\$1,044,995	\$1,044,995	\$1,044,995
Advances (payment for goods and services on order not yet received).....	102,168	265,251	265,251	265,251
Total selected resources at end of year.....	484,760	1,310,246	1,310,246	1,310,246
Selected resources at start of year (-).....		-484,760	-1,310,246	-1,310,246
Adjustment of selected resources reported at start of year.....		24,001		
Obligations incurred for costs of other years (net)....		849,487		

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and it gives some measures of program and performance. Headings in the statements usually agree with the categories in the statement of program by activities.

SCHEDULE OF OBJECT CLASSIFICATION

There is shown for each account a summary of personal services and a classification of the obligations according to a uniform list of objects.

The object classes, numbered from 01 to 16, reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. The "number of

employees at end of year" represents the number of (a) full-time and regularly scheduled part-time employees in pay status on the last work day in June, and (b) intermittent employees who work at any time during June. This is the basis for reports of the Civil Service Commission.

Object Classification	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	29	23	23
Average number of all employees.....	25	16	16
Number of employees at end of year.....	23	14	15
Average GS grade and salary.....	7.7 \$5,555	8.1 \$6,278	8.2 \$6,331
01 Personal services:			
Permanent positions.....	\$166,764	\$114,000	\$120,239
Other personal services.....	13,007	8,100	15,702
Total personal services.....	179,771	122,100	135,941
02 Travel.....	23,450	20,550	20,950
03 Transportation of things.....	14,953	109,190	50,835
04 Communication services.....	196	-----	375
05 Rents and utility services.....	4,151	-----	-----
07 Other contractual services.....	51,831	1,877,650	328,055
08 Supplies and materials.....	165,621	47,000	59,324
09 Equipment.....	493,315	312,000	1,839,283
10 Lands and structures.....	318,313	-----	247,420
11 Grants, subsidies, and contributions.....	10,683	7,750	8,705
15 Taxes and assessments.....	85	90	50
Total obligations.....	1,262,420	2,496,660	2,689,031

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For all revolving funds, there is shown a presentation of funds applied and provided, other than the investment of Government capital in the fund, borrowings, and the repayment of capital and dividends.

The statement generally reflects revenues and expenditures on an accrual basis; an adjustment is made for changes in selected working capital (current assets, other than cash and inventories for sale or manufacture, less current liabilities) in either section of the statement as appropriate. Because of such an adjustment, the gross expenditures shown on the statement, less the receipts from operations, equal budget expenditures on a check-issued basis, as in the following example:

Sources and Application of Funds (Operations)	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Acquisition of equipment.....	\$55,995	\$50,000	\$50,000
Expense.....	3,195,534	3,620,000	3,619,300
Total gross expenditures.....	3,251,530	3,670,000	3,669,300
Receipts from operations (funds provided):			
Revenue.....	3,192,676	5,071,800	5,466,800
Decrease in selected working capital.....	545,422	659,219	-----
Total receipts from operations.....	3,738,098	5,731,019	5,466,800
Budget expenditures.....	-486,265	-2,061,019	-1,797,500

Because the statement is built on the basis of transactions which affect working capital, it excludes depreciation, losses on loans, and other "nonfund" transactions.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is also presented a statement of revenue and expense, computed on an accrual basis, and the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provisions for losses on receivables,

etc. Where a fund consists of several programs, revenue and expense may be identified for each; otherwise they are shown only for the fund as a whole, as here illustrated:

Revenue, Expense, and Retained Earnings			
Revenue.....	\$3,192,676	\$5,071,800	\$5,466,800
Expense.....	3,215,150	3,645,224	3,630,524
Net operating income or loss (-) for the year.....	-23,474	1,425,576	1,816,276
Analysis of retained earnings:			
Retained earnings, beginning of year.....	576,072	852,598	598,174
Transferred to "Salaries and expenses, Mexican farm labor program".....	-----	-----	-----
Authorized.....	-----	-1,550,000	-1,336,700
Proposed for pay increases.....	-----	-130,000	-----
Retained earnings, end of year.....	852,598	598,174	1,077,730

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether in the form of cash, inventories, other current assets, or fixed assets).

STATEMENT OF FINANCIAL CONDITION

For each revolving fund there is presented a balance sheet of assets, liabilities, and investment of the Government at the close of the year, as in this example:

Financial Condition			
Assets:			
Cash with Treasury.....	\$1,397,479	\$1,778,498	\$2,239,298
Accounts receivable.....	146	500	500
Land, structures, and equipment, net.....	216,260	240,036	258,812
Deferred charges.....	30,538	30,000	30,000
Total assets.....	1,644,723	2,049,034	2,528,610
Liabilities:			
Current.....	575,865	1,234,800	1,234,600
Government investment:			
Non-interest-bearing capital:			
Start of year.....	-----	216,260	216,260
Capitalization of assets during year.....	216,260	-----	-----
End of year.....	216,260	216,260	216,260
Retained earnings.....	852,598	598,174	1,077,730
Total Government investment.....	1,068,858	\$14,434	1,294,010

The balance sheet excludes any balances of appropriations or borrowing authorizations which have not yet been paid into the revolving fund. The section on investment of the Government is divided into three subsections as appropriate: (a) the interest-bearing capital, (b) the non-interest-bearing capital, and (c) the retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is appended to the balance sheet a schedule which shows the unobligated balances, relating them to the unexpended balances and showing the computation of the net obligated balance as in the following example:

Status of Certain Fund Balances			
	1957 actual	1958 actual	1959 estimate
Unexpended balance:			
Cash.....	\$911,211	\$1,397,479	\$1,778,498
Obligated balance, net:			
Current liabilities.....	514,955	575,865	1,234,800
Unpaid undelivered orders.....	25,000	146,821	125,000
Accounts receivable (-).....	-541	-146	-500
Total obligated balance.....	539,414	722,540	1,359,100
Unobligated balance.....	371,797	674,999	880,198

TABLE 6

SUMMARY OF BUDGET AUTHORIZATIONS, OBLIGATIONS, EXPENDITURES, AND BALANCES

Based on existing and proposed legislation

[In millions]

Description	1958 enacted	1959 estimate	1960 estimate
Current authorizations:			
Appropriations.....	\$61,761	\$67,860	\$67,229
Appropriations to liquidate contract authorizations.....	(132)	(206)	(248)
Authorizations to expend from debt receipts.....	5,674	5,897	392
Contract authorizations.....	37	137	346
Reappropriations.....	171	96	48
Total current authorizations.....	67,642	73,990	68,014
Permanent authorizations:			
Appropriations.....	8,156	8,009	8,593
Authorizations to expend from debt receipts.....	50	157	150
Contract authorizations.....	496	267	49
Total permanent authorizations.....	8,702	8,432	8,793
Total new obligational authority.....	76,345	82,423	76,807
Unobligated balances brought forward, start of year.....	33,532	34,966	31,681
Appropriation available in prior year (—).....	—353	—517	—523
Appropriation available from subsequent year.....	517	523	523
Unobligated balances carried forward, end of year (—).....	—34,966	—31,681	—29,494
Balances no longer available for obligation (—).....	—1,187	—813	—830
Obligations incurred, net.....	73,892	84,904	78,161
Obligated balances brought forward, start of year.....	35,344	37,084	41,075
Adjustment of obligations in expired accounts.....	—211	—36	—3
Obligated balances carried forward, end of year (—).....	—37,084	—41,075	—42,207
Budget expenditures.....	71,936	80,871	77,030
Expenditures are distributed as follows:			
Out of new obligational authority.....	71,936	80,871	51,708
Out of balances of prior authorizations.....			25,322

TABLE 7
SUMMARY OF NEW OBLIGATIONAL AUTHORITY
BY TYPE OF AUTHORIZATION AND AGENCY
Based on existing and proposed legislation

[In millions]

Description	1958 enacted	1959 estimate			1960 estimate		
		Enacted	Proposed for later transmission	Total	Recommended in this document	Proposed for later transmission	Total
CURRENT AUTHORIZATIONS							
Appropriations:							
Legislative branch.....	\$98	\$102	\$11	\$113	\$110		\$110
The judiciary.....	44	45	3	48	51		51
Executive Office of the President.....	51	55	4	58	85	\$12	97
Funds appropriated to the President:							
Mutual security.....	2,764	3,291	225	3,516		3,930	3,930
Other.....	41	13		13	8	10	19
Independent offices:							
Atomic Energy Commission.....	2,324	2,645		2,645	2,604	150	2,754
Veterans Administration.....	4,985	4,950	121	5,071	5,029	5	5,034
Other.....	955	1,502	103	1,605	1,305	488	1,793
General Services Administration.....	268	474	22	497	257		257
Housing and Home Finance Agency.....	125	138	7	145	155	2	158
Department of Agriculture.....	6,027	3,616	1,373	4,989	4,189	575	4,764
Department of Commerce.....	181	417	20	438	502	55	557
Department of Defense—Military Functions.....	36,673	40,835	294	41,129	39,248	1,563	40,811
Department of Defense—Civil Functions.....	666	857	13	870	900		900
Department of Health, Education, and Welfare.....	2,736	2,960	258	3,218	3,166		3,166
Department of the Interior.....	529	608	31	638	592		592
Department of Justice.....	235	233	20	253	275		275
Department of Labor.....	1,182	556	45	601	570		570
Post Office Department.....	908	265	293	558	522	2 —350	172
Department of State.....	211	210	38	248	228	7	236
Treasury Department.....	727	722	49	771	789		789
District of Columbia.....	32	28	9	37	70		70
Allowance for contingencies.....			400	400		125	125
Total appropriations.....	61,761	64,521	3,340	67,860	60,656	6,573	67,229
Appropriations to liquidate prior contract authorizations:							
Legislative branch.....	(10)	(23)		(23)	(22)		(22)
Independent offices: Other.....	(25)	(30)		(30)	(50)		(50)
Housing and Home Finance Agency.....		(50)		(50)	(100)		(100)
Department of Agriculture.....	(24)	(26)		(26)	(24)		(24)
Department of Commerce.....	(28)	(33)		(33)	(1)		(1)
Department of Health, Education, and Welfare.....	(1)	(1)		(1)	(1)		(1)
Department of the Interior.....	(43)	(42)	(1)	(43)	(49)		(49)
Total authorizations to liquidate prior contract authorizations.....	(132)	(205)	(1)	(206)	(248)		(248)
Authorizations to expend from debt receipts:							
Funds appropriated to the President: Other.....			325	325			
Independent offices: Other.....	2,035	2	200	202	4		4
Housing and Home Finance Agency.....	3,190		200	200			
Department of Agriculture.....	448	619		619	388		388
Department of the Interior.....			1	1			
Treasury Department.....			4,550	4,550			
Total authorizations to expend from debt receipts.....	5,674	622	5,276	5,897	392		392
Contract authorizations:							
Legislative branch.....	3	6		6			
Independent offices: Other.....						65	65
Housing and Home Finance Agency.....			100	100		250	250
Department of Agriculture.....	32	30		30	30		30
Department of Health, Education, and Welfare.....	2	1		1	1		1
Total contract authorizations.....	37	37	100	137	31	315	346
Reappropriations:							
Legislative branch.....	(1)	(1)		(1)			
Independent offices:							
Atomic Energy Commission.....	38	78		78	18		18
Other.....	(1)	(1)		(1)			
Department of Agriculture.....	(1)	17		17			
Department of Commerce.....	65	(1)		(1)			
Department of Defense—Military Functions.....	65				30		30

¹ Less than one-half million dollars.

² Proposed postal rate increases.

TABLE 7—Continued
SUMMARY OF NEW OBLIGATIONAL AUTHORITY—Continued
BY TYPE OF AUTHORIZATION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

[In millions]

Description	1958 enacted	1959 estimate			1960 estimate		
		Enacted	Proposed for later transmission	Total	Recom- mended in this document	Proposed for later transmission	Total
CURRENT AUTHORIZATIONS—Continued							
Reappropriations—Continued							
Department of Health, Education, and Welfare.....	\$1	(1)		(1)			
Department of the Interior.....	(1)	(1)		(1)			
Totalreappropriations.....	171	\$96		\$96	\$48		\$48
Total current authorizations.....	67,642	65,275	\$8,715	73,990	61,126	\$6,888	68,014
PERMANENT AUTHORIZATIONS							
Appropriations:							
Independent offices:							
Veterans Administration.....	1	1		1	1		1
Other.....	2	2		2	2		2
General Services Administration.....	1	1		1	1		1
Department of Agriculture.....	289	258		258	333		333
Department of Defense—Military Functions.....	8	9		9	9		9
Department of Defense—Civil Functions.....	2	2		2	2		2
Department of Health, Education, and Welfare.....	10	10		10	10		10
Department of the Interior.....	89	97		97	106		106
Department of Justice.....		(1)		(1)			
Department of State.....	3	3		3	3		3
Treasury Department.....	7,752	7,626		7,626	8,128		8,128
Total appropriations.....	8,156	8,009		8,009	8,593		8,593
Authorizations to expend from debt receipts:							
Independent offices: Veterans Administration.....	50	150		150	150		150
Housing and Home Finance Agency.....		4		4			
Department of Agriculture.....		3		3			
Total authorizations to expend from debt receipts.....	50	157		157	150		150
Contract authorizations:							
Independent offices: Other.....	63	63		63			
Housing and Home Finance Agency.....	351	101		101			
Department of Commerce.....	38	36		36	3		3
Department of the Interior.....	44	67		67	47		47
Total contract authorizations.....	496	267		267	49		49
Total permanent authorizations.....	8,702	8,432		8,432	8,793		8,793
Total new obligational authority.....	76,345	73,707	8,715	82,423	69,918	6,888	76,807

¹ Less than one-half million dollars.

TABLE 8
SUMMARY OF BALANCES AVAILABLE AT START OF YEAR

Based on existing and proposed legislation

[In millions]

Description	1959 actual		1959 estimate		1960 estimate		1961 estimate	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BALANCES OF AUTHORIZATIONS ENACTED OR RECOMMENDED IN THIS DOCUMENT								
Appropriations:								
Legislative branch	\$36	\$18	\$34	\$19	\$47	\$4	\$20	\$1
The Judiciary	3		3		1		3	
Executive Office of the President	59	23	37	17	41	(1)	62	
Funds appropriated to the President:								
Mutual security	3,109	764	2,791	231	2,913	158	1,531	15
Other	13	17	11	28	15	13	15	(1)
Independent offices:								
Atomic Energy Commission	976	308	1,079	223	1,365	11	1,281	
Veterans Administration	90	175	145	149	145	64	148	24
Other	390	157	396	146	680	119	624	87
General Services Administration	257	222	148	160	276	109	171	55
Housing and Home Finance Agency	2	2	3	1	4		1	
Department of Agriculture	112	330	136	341	190	314	224	303
Department of Commerce	125	221	197	88	288	30	323	24
Department of Defense—Military Functions	24,131	10,869	23,708	7,905	24,536	6,567	23,975	4,704
Department of Defense—Civil Functions	165	157	144	114	258	98	369	40
Department of Health, Education, and Welfare	623	142	788	151	1,021	109	1,137	66
Department of the Interior	173	80	199	50	199	19	194	12
Department of Justice	13	1	20	1	15	(1)	21	8
Department of Labor	5	3	8	618	11		21	
Department of State	75	17	84	13	64	5	63	1
Treasury Department	70	16	106	5	92	1	109	1
District of Columbia		38		45		45		73
Total appropriations	30,337	13,561	30,127	10,314	32,161	7,666	30,292	5,414
Authorizations to expend from debt receipts:								
Funds appropriated to the President:								
Mutual security	94	105	92	108	137	63	177	22
Other	213	593	198	170	89			
Independent offices:								
Veterans Administration	49	203	46	97	48	101	49	118
Other	1,312	6,833	1,291	8,009	1,589	7,418	1,660	7,320
Housing and Home Finance Agency	1,702	3,747	2,791	5,524	3,095	4,047	2,191	4,190
Department of Agriculture	1,317	1,204	1,313	2,929	1,359	1,321	841	326
Treasury Department	3	2,786	3	2,787	3	2,787	2	2,787
Total authorizations to expend from debt receipts	4,690	15,471	5,734	19,633	6,320	15,737	4,920	14,773
Contract authorizations:								
Legislative branch		111	1	102	38	24	22	17
Independent offices: Other	17	59	56	58	89	58	69	28
Housing and Home Finance Agency	104	639	266	828	491	654	566	479
Department of Agriculture		27	19	27	15	30	15	36
Department of Commerce	20	37	19	41	29	34	2	
Department of Health, Education, and Welfare	1	1	1	1	1	1	1	1
Department of the Interior	7	48	25	31	15	63	16	60
Total contract authorizations	149	922	387	1,088	679	864	691	621
Revolving and management funds:								
Legislative branch	(1)	14	1	16	4	11	2	11
Executive Office of the President	1	4	(1)	1	(1)	1	(1)	1
Funds appropriated to the President:								
Mutual security	2		3		4		6	
Other	35		23		22		22	
Independent offices:								
Atomic Energy Commission	(1)	(1)		(1)		(1)		1
Veterans Administration	20	31	39	41	20	57	19	64
Other	111	416	101	447	115	479	135	541
General Services Administration	—1	52	24	26	(1)	44	12	31
Housing and Home Finance Agency	225	484	201	552	171	620	165	729
Department of Agriculture	43	64	30	67	24	80	25	89
Department of Commerce	(1)	18	—2	29	2	29	(1)	31
Department of Defense—Military Functions	—501	2,413	—58	2,672	871	1,897	1,089	1,604
Department of Defense—Civil Functions	19	11	26	2	20	1	18	4
Department of Health, Education, and Welfare	1	1	2	1	2	1	2	1
Department of the Interior	11	35	11	28	15	17	25	13

¹ Less than one-half million dollars.

TABLE 8—Continued
SUMMARY OF BALANCES AVAILABLE AT START OF YEAR—Continued
Based on existing and proposed legislation—Continued
(In millions)

Description	1958 actual		1959 estimate		1960 estimate		1961 estimate	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BALANCES OF AUTHORIZATIONS ENACTED OR RECOMMENDED IN THIS DOCUMENT—Continued								
Revolving and management funds—Continued								
Department of Justice.....	-\$7	\$11	-\$13	\$18	-\$13	\$17	-\$13	\$17
Department of Labor.....	1	(¹)	1	1	1	(¹)	1	1
Post Office Department.....	195	17	434	27	225	22	288	14
Department of State.....	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	-----
Treasury Department.....	13	7	13	3	11	(¹)	11	-1
Total revolving and management funds.....	168	3,578	836	3,931	1,494	3,276	1,808	3,151
Total balances of authorizations enacted or recommended in this document.....	35,344	33,532	37,084	34,966	40,054	27,543	37,711	23,959
BALANCES OF AUTHORIZATIONS PROPOSED FOR LATER TRANSMISSION								
Appropriations:								
Legislative branch.....					5		4	
The Judiciary.....					2			
Executive Office of the President.....					1		2	
Funds appropriated to the President: Mutual security.....						225	2,001	348
Independent offices:								
Atomic Energy Commission.....							122	
Veterans Administration.....					3			
Other.....					40	(¹)	373	(¹)
General Services Administration.....					(¹)	(¹)		(¹)
Housing and Home Finance Agency.....					(¹)		2	
Department of Agriculture.....					4		444	
Department of Commerce.....					1		6	39
Department of Defense—Military Functions.....					16		755	1,492
Department of Defense—Civil Functions.....					(¹)	10	5	2
Department of Health, Education, and Welfare.....					42		6	
Department of the Interior.....					5		(¹)	
Department of Justice.....					1			
Department of Labor.....					2			
Department of State.....					1		1	
Treasury Department.....					3			
Allowance for contingencies.....					200		225	
Total appropriations.....					326	235	3,946	1,881
Authorizations to expend from debt receipts:								
Funds appropriated to the President: Other.....					57	268	104	96
Independent offices:								
Veterans Administration.....								33
Other.....					38	160	101	80
Housing and Home Finance Agency.....						200	200	
Treasury Department.....						3,175		3,175
Total authorizations to expend from debt receipts.....					95	3,803	405	3,384
Contract authorizations:								
Independent offices: Other.....							45	20
Housing and Home Finance Agency.....						100	100	250
Total contract authorizations.....						100	145	270
Total balances of authorizations proposed for later transmission.....					421	4,138	4,496	5,535
Total balances available at start of year.....	35,344	33,532	37,084	34,966	41,075	31,681	42,207	29,494
RECAPITULATION								
Appropriations.....	\$30,337	\$13,561	\$30,127	\$10,314	\$32,487	\$7,901	\$34,238	\$7,295
Authorizations to expend from debt receipts.....	4,690	15,471	5,734	19,633	6,415	19,540	5,325	18,167
Contract authorizations.....	149	922	387	1,088	679	964	836	891
Revolving and management funds.....	168	3,578	836	3,931	1,494	3,276	1,808	3,151
Total balances available at start of year.....	35,344	33,532	37,084	34,966	41,075	31,681	42,207	29,494

¹ Less than one-half million dollars.

TABLE 9

SUMMARY OF EXPENDITURES OF PUBLIC ENTERPRISE FUNDS

Based on existing and proposed legislation

[In millions. The budget expenditures shown in this table are included in the budget expenditures of the respective functions and agencies in all tables of the budget.]

Description	GROSS EXPENDITURES			RECEIPTS FROM OPERATIONS			BUDGET EXPENDITURES		
	1958	1959	1960	1958	1959	1960	1958	1959	1960
Enacted or recommended in this document:									
Executive Office of the President.....	\$1	\$1	\$1	\$1	\$1	\$1			
Funds appropriated to the President:									
Mutual security.....	2	129	168	1	6	15	\$1	\$124	\$153
Other.....	580	347	124	139	59	34	441	288	90
Independent offices:									
Veterans Administration.....	270	285	289	125	150	162	145	134	127
Other.....	1,368	1,423	1,490	906	994	1,368	463	430	122
General Services Administration.....	4	3	2	7	6	5	-3	-3	-3
Housing and Home Finance Agency.....	1,660	2,574	2,347	1,470	1,529	2,043	190	1,046	304
Department of Agriculture.....	4,918	6,663	6,278	2,326	1,956	2,056	2,591	4,707	4,221
Department of Commerce.....	24	9	6	29	13	9	-5	-4	-3
Department of Defense—Military Functions.....	60	95	104	22	53	63	39	42	42
Department of Defense—Civil Functions.....	110	117	96	103	107	102	7	10	-6
Department of Health, Education, and Welfare.....	3	4	4	3	4	4			
Department of the Interior.....	75	111	121	34	37	48	40	74	72
Department of Labor.....	3	4	4	4	6	5		-2	-2
Post Office Department.....	3,495	3,632	3,965	2,821	3,173	3,678	674	459	287
Treasury Department.....	4			15	7	4	-11	-7	-4
Total.....	12,576	15,395	14,999	8,004	8,099	9,598	4,572	7,295	5,400
Proposed for later transmission:									
Funds appropriated to the President:									
Mutual Security.....			26			1			25
Other.....			125						125
Independent offices:									
Veterans Administration.....			-33						-33
Other.....		2	18					2	18
Housing and Home Finance Agency.....		6						6	
Department of Agriculture.....			131						131
Department of the Interior.....			1						1
Post Office Department.....		293			171	350		122	-350
Total.....		300	268		171	351		129	-83
Grand total.....	12,576	15,695	15,266	8,004	8,271	9,949	4,572	7,424	5,317

DEPARTMENT OF AGRICULTURE

Total expenditures by the Department of Agriculture in the fiscal year 1960 are estimated at \$6.4 billion, a decrease of \$891 million from the estimate for 1959 but an increase of \$1.6 billion over the amount actually spent in 1958. Of the \$6.4 billion estimated to be spent in 1960, about 93% is classified under agriculture and agricultural resources, including 70% for stabilization of farm prices and farm income, 8% for loan programs, 10% for conservation and development of agricultural land and water resources, and 4% for research and other agricultural services.

The remaining 7% of the Department's expenditures is for donations of agricultural commodities to peoples in other countries, classified under international affairs and finance; cash contributions to the national school lunch and the special milk programs, classified under labor and welfare; Forest Service programs, classified under natural resources; and farm housing loans, classified under commerce and housing.

Stabilization of farm prices and income.—Net expenditures of the Commodity Credit Corporation for all of its operations in 1960 are estimated at \$4.4 billion. These expenditures reflect principally the excess of the Corporation's outlays for loans, commodity purchases, payments to producers, storage and transportation charges, and other operating expenses over its receipts from all sources, mainly from commodity sales and collections on loans. Of the total Corporation expenditures of \$4.4 billion in 1960, \$4.2 billion is classified under stabilization of farm prices and income; these expenditures account for almost 95% of the expenditures of the Department that are in that classification.

Commodities are acquired by the Corporation by direct purchase and by taking over commodities pledged as security for price support loans. During the fiscal year 1960 it is estimated that the Corporation will acquire commodities costing \$5.4 billion and will dispose of commodities representing an investment of \$3.1 billion, mainly through donations and sales. In the 5 fiscal years, 1954-58, total commodity acquisitions exceeded total dispositions by more than \$3 billion, with a resulting increase in commodity inventory from \$2.4 billion on June 30, 1953, to \$5.5 billion on June 30, 1958 (see table 1). The Corporation's investment in commodity inventories is expected to increase to \$6.8 billion by June 30, 1959, and to \$9.1 billion by June 30, 1960. Commodity loans outstanding are estimated to be \$1.4 billion on June 30, 1960, bringing the estimated total investment of the Corporation in commodities and loans to almost \$10.5 billion by that date.

The expenditure estimates for the Corporation assume that termination of the acreage reserve of the soil bank programs will result in a shift of a part of the acreage to the conservation reserve and a part to the growing of price-supported crops. However, the estimates also assume that crop yields in the 1959 crop year will be substantially lower than yields in the 1958 crop year, which were 11% above the previous record level. As a result, expenditures by the Corporation for price support, supply and purchase programs in the fiscal year 1960 are not expected to increase over the fiscal year 1959 (see table 2).

TABLE 1. COMMODITY CREDIT CORPORATION: COMMODITY INVENTORY OPERATIONS AND INVESTMENT IN COMMODITIES AND LOANS, 1954-60

[In millions]

Year	Commodity acquisitions (fiscal year)	Commodity dispositions (fiscal year)	Investment (end of fiscal year)		
			Commodity inventory	Loans	Total
1954.....	\$3,026	\$1,712	\$3,728	\$2,368	\$6,096
1955.....	3,435	2,173	4,989	2,138	7,127
1956.....	3,741	2,747	5,984	2,319	8,303
1957.....	3,610	4,222	5,372	1,994	7,366
1958.....	3,545	3,461	5,456	1,600	7,056
1959 estimate.....	3,767	2,424	6,798	2,336	9,134
1960 estimate.....	5,403	3,104	9,094	1,352	10,446

TABLE 2. DEPARTMENT OF AGRICULTURE: EXPENDITURES FOR THE STABILIZATION OF FARM PRICES AND FARM INCOME, 1954-60

[In millions]

Program	1954	1955	1956	1957	1958	1959 estimate	1960 estimate
Price support, supply, and purchase programs (Commodity Credit Corporation).....	\$1,333	\$3,075	\$2,898	\$1,087	\$987	\$3,118	\$2,880
Title I of Public Law 480.....		130	615	1,338	1,073	1,049	1,033
International Wheat Agreement.....	59	100	92	90	82	65	(¹)
Transfer of bartered commodities to supplemental stockpile.....				217	84	129	225
National Wool Act.....			2	61	57	21	81
Soil bank—Acreage reserve.....			4	344	620	713	1
Removal of surplus agricultural commodities.....	178	59	179	171	125	150	150
Sugar Act.....	66	70	65	67	70	68	75
Acreage allotments and marketing quotas.....	40	40	39	40	41	40	39
Other.....	13	12	7	15	12	33	6
Total.....	1,689	3,486	3,901	3,430	3,151	5,386	4,490

¹ Continuation of the International Wheat Agreement is currently under consideration.

Of the total of \$4.4 billion of estimated net expenditures of the Commodity Credit Corporation in 1960, it is estimated that over \$1 billion will represent financing of the sale of farm commodities for foreign currencies under the Agriculture Trade Development and Assistance Act of 1954 (Public Law 480). The Corporation finances such sales in part by furnishing commodities from its own inventory and in part by financing purchases of commodities in the market for use in this export program. The Corporation also finances sales of wheat abroad under the International Wheat Agreement and sales of wheat and other farm commodities under certain special export programs.

Foreign currencies received from sales under title I of Public Law 480 are available to Federal agencies for uses specified in that law. The Department of Agriculture uses such funds to finance foreign market development activities of the Foreign Agricultural Service, and for research abroad to discover ways to increase industrial

uses of agricultural commodities. Uses made by the several agencies (i. e., obligations and expenditures) are reported with other budget schedules of the using agencies and allocations are summarized at the end of the chapter on Funds Appropriated to the President.

Expenditures of foreign currencies obtained under title I of the Agricultural Trade Development and Assistance Act of 1954 during the fiscal year 1958 and estimated expenditures for 1959 and 1960 are summarized in table 3. The table excludes expenditures for new uses authorized by the amendments to this law enacted in 1958. It is expected that a supplemental request will be sent later to the Congress regarding the uses of foreign currencies in 1960 under the authority provided by these amendments.

The budget provides for the President's recommendation of a 1-year extension of title I of the Agricultural Trade Development and Assistance Act of 1954, under which agricultural commodities are sold for foreign currencies, and of title II, under which commodities are donated for relief purposes. It is proposed that the total authority for reimbursement of the Corporation for costs and losses under title I be increased from the present limit of \$6,250 million to \$7,750 million.

TABLE 3. EXPENDITURES OF FOREIGN CURRENCIES OBTAINED UNDER TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

[Stated in equivalents of millions of dollars]

Type of use, chapter of document, and agency	Program	1958 actual	1959 estimate	1960 estimate
Use for loans or grants to foreign countries:				
Funds appropriated to the President: Mutual security program.	Grants and loans..	\$231.0	\$230.8	\$350.0
Use by U. S. agencies without reimbursement to Commodity Credit Corporation:				
Independent offices:				
Export-Import Bank.....	Loans.....		83.4	150.2
United States Information Agency.	Salaries and expenses (assistance to binational centers, translation and distribution of publications).	.2	1.6	4.0
Department of Agriculture:				
Foreign Agricultural Service...	Market development.	3.6	9.0	8.0
Agricultural Research Service...	Market development research.		1.4	3.4
Department of Defense—Military Functions.	Operation and maintenance (Inter-American geodetic surveys).		.3	.1
Department of State: Educational exchange.	International educational exchange activities.	1.4	7.6	7.0
Use by U. S. agencies with long-term reimbursement to Commodity Credit Corporation:				
Department of Defense—Military Functions.	Military construction (military family housing).	16.0	31.4	40.6
Use by U. S. agencies with reimbursement to Treasury.	Various (not separately identified).	69.6	63.8	85.0
Total.....		321.9	429.3	648.3

The costs and losses incurred by the Corporation in its operations necessitate appropriations at a later date to reimburse the Corporation and to restore its capital. Appropriations for these purposes recommended for fiscal 1960 include \$2 billion to restore the capital impairment of the Corporation for price support losses and \$1.2 billion to reimburse the Corporation for estimated costs and losses under other price and income stabilization programs financed by that agency in 1959 and prior years.

Expenditures of \$271 million for 1960 are estimated for other programs for the stabilization of farm prices and income that are not financed by the Corporation. These programs include, principally, removal from the market of commodities in temporary surplus, mainly by purchase and donation to schools and welfare agencies; payments to sugar growers under the Sugar Act; and administrative expenses of the Commodity Stabilization Service in the establishment of acreage allotments and marketing quotas.

Financing rural electrification and telephones.—The budget recommends new authority to incur obligations of \$225 million for the Rural Electrification Administration in the fiscal year 1960 as compared with \$419 million enacted for the fiscal year 1959. This additional obligational authority, together with carry-over authority from 1959, will provide a loan program level of \$325 million in 1960. Legislation will be proposed to broaden the sources of loan funds for this program and to authorize the use of loan repayments to make new loans. Expenditures under the Rural Electrification Administration program in 1960 are estimated at \$335 million as compared with \$325 million in 1959.

Financing farm ownership and operation.—New obligational authority of \$204 million is recommended for the Farmers' Home Administration in 1960 for operating, farm ownership, and soil and water loans and necessary administrative expenses. No additional obligational authority is required for the farm housing loan program, which is classified under commerce and housing. The \$204 million of new obligational authority will permit a loan program level of \$185 million in 1960, including \$13 million of farm housing loans. Legislation will be proposed to authorize the Farmers' Home Administration to use its loan repayments for new loans.

Conservation of agricultural land and water resources.—Expenditures for agricultural land and water conservation are estimated at \$675 million in the fiscal year 1960, an increase of \$160 million over 1959. Most of the increase is in the conservation reserve program of the soil bank which is expected to absorb a part of the land that has been in the terminating acreage reserve of the soil bank. Rental payments as well as cost-sharing conservation practice payments are included in the total expenditures for conservation of agricultural land and water resources. In previous budget documents the rental payments were classified as expenditures for stabilization of farm prices and income.

Expenditures under the agricultural conservation program are expected to be \$197 million in the fiscal year 1960. These payments were authorized in the 1959 appropriation act. The budget proposes a reduction of the advance authorization for payments for conservation practices performed in the 1960 crop year to \$100 million.

Expenditures for technical guidance by the Soil Conservation Service will be at about the same level as in 1959.

No additional funds are provided in the budget for the initiation of works of improvement under the Watershed Protection and Flood Prevention Act. However, initiation of construction on the 100 works of improvement previously scheduled for 1959 will be spread over 1959 and 1960. Expenditures under this program are expected to be \$24 million in 1960 compared with \$23 million in 1959.

Research and other agricultural services.—Expenditures for these services include, in addition to those for research, outlays for educational activities, control of harmful insects, eradication of diseases of plants and animals, promotion of markets for farm commodities, and related general services to agriculture. Funds provided in the budget for research to promote industrial uses of agricultural commodities are supplemented with foreign currencies obtained from the sale of commodities under Public Law 480 which are used to finance such research abroad. It is expected that up to \$10 million of such currencies will be used to contract for such research in 1960.

Other functions.—Expenditures in 1960 for emergency grants of farm commodities to other countries are estimated at \$94 million. They will be reimbursed to the Commodity Credit Corporation in subsequent years from appropriated funds. The budget provides for a reduction of the cash contribution to school lunches from \$110 million in 1959 to \$100 million in 1960 and elimination of

the transfer of \$35 million from the permanent appropriation for removal of surplus commodities provided in the 1959 appropriation act. However, surplus commodities acquired will continue to be made available to the school lunch program. The special milk program will be continued at about the same level as in 1959. Loans for farm housing are expected to be about \$13 million, a substantial reduction from the 1959 level when this program was expanded as an antirecession measure. Most of the research, management, and development programs of the Forest Service will continue at about existing levels in 1960, with some increase for timber sales, offset by other program decreases.

Economy and user-charge proposals.—Legislation will be proposed to amend the present basic authority of the Department of Agriculture providing for assistance to farmers, ranchers and stockmen in major disaster areas, so as to require State and local contributions to such programs equal to at least 25% of the cost of feed and seed assistance.

In line with the administration's policy of reducing the burden on general taxpayers for services of special benefit to limited groups, legislation will be proposed to remove certain statutory restrictions on the setting of fees and granting of licenses for various inspection and registration services of the department. Legislation will also be proposed to permit the Federal Crop Insurance Corporation to include administrative expenses in the determination of appropriate premium rates for crop insurance.

RECAPITULATION OF BUDGET AUTHORIZATIONS AND EXPENDITURES

[In thousands]

Function and subfunction	New obligational authority			Expenditures		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
International affairs and finance:						
152 Economic and technical development.....	\$220,245	\$119,270	\$104,508	\$121,446	\$105,834	\$94,395
Labor and welfare:						
217 Other welfare services and administration.....	145,587	202,045	166,731	166,720	217,901	174,891
Agriculture and agricultural resources:						
351 Stabilization of farm prices and farm income.....	4,974,401	3,852,084	3,608,918	3,151,166	5,386,056	4,489,735
352 Financing farm ownership and operation.....	239,714	244,200	204,300	242,093	247,269	194,289
353 Financing rural electrification and rural telephones.....	248,056	419,132	224,632	296,892	324,855	334,603
354 Conservation and development of agricultural land and water resources.....	509,861	587,284	730,917	448,139	514,476	674,607
355 Research and other agricultural services.....	282,829	309,018	294,276	254,607	298,536	300,823
Total, agriculture and agricultural resources.....	6,254,861	5,411,718	5,063,043	4,392,897	6,771,192	5,994,057
Natural resources:						
402 Conservation and development of forest resources.....	175,359	183,570	180,174	163,688	183,336	173,652
Commerce and housing:						
517 Farm housing.....				30,186	63,100	13,000
Total, Department of Agriculture.....	6,796,052	5,916,602	5,514,456	4,874,937	7,341,363	6,449,995

BUDGET AUTHORIZATIONS AND EXPENDITURES

BY ORGANIZATION UNIT AND ACCOUNT TITLE

[In thousands]

Organization unit and account title	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES (from new and prior authorizations)							
		1958 enacted	1959 estimate		1960 estimate	1958 actual	1959 estimate			1960 estimate			
			Enacted	Proposed for later transmission			Enacted	Proposed for later transmission	Total	Recommended	Proposed for later transmission	Total	
AGRICULTURAL RESEARCH SERVICE													
Current authorizations:													
Salaries and expenses.....	355	\$107,371	\$128,753	\$8,396	\$134,825	\$99,121	\$127,500	\$8,000	\$135,500	\$134,000	\$396	\$134,396	
Reappropriation.....	355		346										
State experiment stations.....	355	30,591	31,804		31,804		30,686	31,735		31,735	31,735		31,735
Diseases of animals and poultry: Reappropriation.....	355	44	29				608	150		150	20		20
Animal disease laboratory facilities.....	355						440	5,565		5,565	8,000		8,000
Research facilities.....	355					627	191		191				
Research on strategic and critical agricultural materials.....	355					42	6		6				
Permanent authorizations:													
Alterations and improvements, animal quarantine station, Clifton, N. J. (indefinite special fund).....	355		30							30		30	
Intragovernmental funds:													
Working capital fund.....	355					-18	18		18				
Advances and reimbursements.....	355						1		1				
Total, Agricultural Research Service.....		138,006	160,962	8,396	166,629	131,506	165,166	8,000	173,166	173,785	396	174,181	
EXTENSION SERVICE													
Current authorizations:													
Cooperative extension work, payments and expenses.....	355	60,236	63,159	162	64,140	58,819	63,225	154	63,379	64,110	8	64,118	
Proposed for later transmission (other than pay increase supplementals):													
Under existing legislation: Cooperative extension work, payments and expenses.....	355			623				467	467		156	156	
Total, Extension Service.....		60,236	63,159	785	64,140	58,819	63,225	621	63,846	64,110	164	64,274	
FARMER COOPERATIVE SERVICE													
Current authorizations:													
Salaries and expenses.....	355	589	578	42	620	568	577	37	614	615	5	620	
Intragovernmental funds:													
Advances and reimbursements.....	355					-23	-2		-2				
Total, Farmer Cooperative Service.....		589	578	42	620	545	575	37	612	615	5	620	
SOIL CONSERVATION SERVICE													
Current authorizations:													
Conservation operations.....	354	75,045	74,780	6,328	81,072	71,665	76,900	6,100	83,000	80,772	228	81,000	
Watershed protection.....	354	25,500	25,500		20,000	13,801	23,000		23,000	24,000		24,000	
Flood prevention.....	354	13,220	18,000		15,000	12,120	15,000		15,000	15,000		15,000	
Water conservation and utilization projects.....	354	350	335		75	350	282		282	137		137	
Great Plains conservation program.....	354	10,000	10,000		12,500	1,563	6,000		6,000	9,000		9,000	
Total, Soil Conservation Service.....		124,115	128,615	6,328	128,647	99,499	121,182	6,100	127,282	128,909	228	129,137	
AGRICULTURAL CONSERVATION PROGRAM SERVICE													
Current authorizations:													
Agricultural conservation program.....	354	212,000	235,000		241,500	211,871	225,000		225,000	225,000		225,000	
Emergency conservation measures.....	354	20,000				1,975	5,794		5,794	5,000		5,000	
Reappropriation.....	354		16,941										
Total, Agricultural Conservation Program Service.....		232,000	251,941		241,500	213,846	230,794		230,794	230,000		230,000	
AGRICULTURAL MARKETING SERVICE													
Current authorizations:													
Marketing research and service.....	355	30,504	34,854	2,846	42,060	28,244	35,918	2,731	38,649	41,444	115	41,559	
Payments to States, Territories, and possessions.....	355	1,160	1,160		1,160	1,160	1,160		1,160	1,160		1,160	
School lunch program.....	217	99,965	145,000		100,000	99,990	144,127		144,127	101,000		101,000	
Permanent authorizations:													
Perishable Agricultural Commodities Act fund (indefinite special fund).....	355	675	675		685	570	703		703	751		751	
Removal of surplus agricultural commodities (indefinite).....	351	216,227	196,150		238,607	125,452	150,000		150,000	150,000		150,000	

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES (from new and prior authorizations)						
		1958 enacted	1959 estimate		1960 estimate	1958 actual	1959 estimate			1960 estimate		
			Enacted	Proposed for later transmission			Enacted	Proposed for later transmission	Total	Recommended	Proposed for later transmission	Total
AGRICULTURAL MARKETING SERVICE—Con.												
Intragovernmental funds:												
Advances and reimbursements.....	355					—\$9	\$16		\$16			
Proposed for later transmission (other than pay increase supplementals):												
Under existing legislation: Marketing research and service.....	355			\$1, 107				\$836	836		\$271	\$271
Total, Agricultural Marketing Service.....		\$348, 531	\$377, 839	3, 953	\$382, 512	255, 407	331, 924	3, 567	335, 491	\$294, 355	386	294, 741
FOREIGN AGRICULTURAL SERVICE												
Current authorizations:												
Salaries and expenses.....	355	4, 087	4, 002	266	6, 861	3, 910	4, 045	238	4, 283	6, 681	27	6, 708
COMMODITY EXCHANGE AUTHORITY												
Current authorizations:												
Salaries and expenses.....	355	865	832	68	900	824	876	62	938	891	6	897
SOIL BANK PROGRAMS												
Current authorizations: ¹												
Conservation reserve.....	354	153, 188	200, 000		360, 370	132, 722	145, 000		145, 000	342, 070		342, 070
Acreage reserve.....	351	522, 250	609, 450		1, 050	518, 815	609, 528		609, 528	1, 077		1, 077
Total, soil bank programs.....		675, 438	809, 450		361, 420	651, 537	754, 528		754, 528	343, 147		343, 147
COMMODITY STABILIZATION SERVICE												
Current authorizations:												
Acreage allotments and marketing quotas.....	351	40, 826	39, 715		39, 135	40, 625	39, 931		39, 931	39, 138		39, 138
Sugar act program.....	351	67, 663	76, 000		71, 500	69, 572	68, 228		68, 228	75, 187		75, 187
Intragovernmental funds:												
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938.....	355					—866	—209		—209	422		422
Local Administration, sec. 388, Agricultural Adjustment Act of 1938.....	355					1, 166	3, 419		3, 419			
Total, Commodity Stabilization Service.....		108, 489	115, 715		110, 635	110, 497	111, 369		111, 369	114, 747		114, 747
COMMODITY CREDIT CORPORATION (FUND)												
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK												
Public enterprise funds:												
Price support, supply, and related programs:												
Restoration of capital impairment (current appropriation).....	351	1, 194, 167	1, 703, 355		1, 468, 693	986, 763	3, 118, 071		3, 118, 071	2, 798, 544		2, 798, 544
Limitation on administrative expenses.....		(34, 806)	(34, 798)	(2, 611)	(44, 642)							
Special milk program:												
Restoration of capital impairment (current appropriation).....	217	45, 622	57, 045		66, 731	66, 731	73, 774		73, 774	73, 891		73, 891
Limitation on administrative expenses.....		(592)	(600)	(58)	(658)							
Proposed for later transmission (other than pay increase supplementals):												
Under existing legislation: Price support, supply, and related programs:												
Limitation on administrative expenses.....				(2, 000)								
Partial restoration of estimated capital impairment as of June 30, 1959 (current appropriation).....	351				575, 000						81, 000	81, 000
Total, price support, supply, and related programs and special milk.....		1, 239, 789	1, 760, 400		2, 110, 424	1, 053, 494	3, 191, 845		3, 191, 845	2, 872, 435	81, 000	2, 953, 435

¹ Budget expenditures include unused advances to Commodity Credit Corporation as follows: Acreage reserve—1958, \$19,110 thousand; Conservation reserve—1958, \$19,986 thousand; 1959, \$4,000 thousand; 1960, \$3,000 thousand.

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES (from new and prior authorizations)						
		1958 enacted	1959 estimate		1960 estimate	1958 actual	1959 estimate			1960 estimate		
			Enacted	Proposed for later transmission			Enacted	Proposed for later transmission	Total	Recommended	Proposed for later transmission	Total
COMMODITY CREDIT CORPORATION (FUND)—Continued												
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION												
Public enterprise funds (current appropriations unless otherwise indicated):												
Reimbursement to Commodity Credit Corporation for—												
International Wheat Agreement.....	351	\$182,927			\$63,875	\$82,418	\$64,773		\$64,773			
Emergency famine relief to friendly peoples.....	152	220,245			104,508	121,446	105,834		105,834	\$94,395		\$94,395
Sales of surplus agricultural commodities for foreign currencies.....	351	1,927,841			968,016	1,073,204	1,048,611		1,048,611	983,475		983,475
Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed.....	351	5			35	19	35		35			
Transfer of bartered materials to supplemental stockpile.....	351	218,946			129,000	83,853	129,000		129,000	225,000		225,000
Animal disease eradication activities.....	355	37,523			1,057	19,786	1,059		1,059			
Grading and classing activities.....	355	1,209			1,607	1,379	1,523		1,523	1,456		1,456
Soil bank programs:												
Acreage reserve.....	351	567,500				101,185	103,163		103,163			
Conservation reserve.....	354					—19,986	—4,000		—4,000	1,000		1,000
National Wool Act (permanent indefinite appropriation).....	351	29,672	\$24,453		47,630	57,182	21,096		21,096	80,938		80,938
Loans to Secretary of Agriculture for conservation purposes.....	354					21,500	15,000		15,000	—28,000		—28,000
Military housing (Public Law 161, 84th Cong., barter and exchange).....	351					11,055	38,288		38,288	—1,000		—1,000
Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.....	351					—487	487		487			
Proposed for later transmission (other than pay increase supplementals):												
Under existing legislation:												
Reimbursement to Commodity Credit Corporation (current appropriations) for—												
International Wheat Agreement.....	351			\$80,800								
Emergency famine relief to friendly peoples.....	152			119,270								
Sales of surplus agricultural commodities for foreign currencies.....	351			1,033,515								
Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed.....	351			19								
Transfer of bartered materials to supplemental stockpile.....	351			82,250								
Animal disease eradication activities.....	355			19,390								
Grading and classing activities.....	355			1,511								
Under proposed legislation: Sales of surplus agricultural commodities for foreign currencies.....	351										\$50,000	50,000
Total, special activities financed by Commodity Credit Corporation.....		3,185,868	24,453	1,336,755	1,315,728	1,552,554	1,524,869		1,524,869	1,357,264	50,000	1,407,264
Total, Commodity Credit Corporation (fund).....		4,425,657	1,784,853	1,336,755	3,426,152	2,606,048	4,716,714		4,716,714	4,229,699	131,000	4,360,699
FEDERAL CROP INSURANCE CORPORATION												
Current authorizations:												
Operating and administrative expenses.....	351	6,377	6,377		6,377	6,379	7,400		7,400	6,376		6,376
Public enterprise funds:												
Federal Crop Insurance Corporation fund.....	351											
Limitation on administrative expenses.....	351	(2,000)	(2,000)	(330)	(2,330)	—4,869	—12,555		—12,555			
Total, Federal Crop Insurance Corporation.....		6,377	6,377		6,377	1,510	—5,155		—5,155	6,376		6,376
RURAL ELECTRIFICATION ADMINISTRATION												
Current authorizations:												
Salaries and expenses.....	353	9,056	9,019	613	9,632	8,700	9,278	\$577	9,855	9,567	36	9,603
Loan authorizations (authorization to expend from debt receipts).....	353	239,000	409,500		215,000	288,192	315,000		315,000	325,000		325,000
Total, Rural Electrification Administration.....		248,056	418,519	613	224,632	296,892	324,278	577	324,855	334,567	36	334,603

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES (from new and prior authorizations)						
		1958 enacted	1959 estimate		1960 estimate	1958 actual	1959 estimate			1960 estimate		
			Enacted	Proposed for later transmission			Enacted	Proposed for later transmission	Total	Recommended	Proposed for later transmission	Total
FARMERS' HOME ADMINISTRATION												
Current authorizations:												
Loan authorizations (authorization to expend from debt receipts):												
Farm ownership, farm operating, and soil and water conservation.....	352	\$209,500	\$209,500		\$173,000	\$223,128	\$211,850		\$211,850	\$171,600		\$171,600
Farm housing.....	517					30,186	63,100		63,100	13,000		13,000
Salaries and expenses.....	352	30,214	29,090	\$2,210	31,300	28,682	30,729	\$2,110	32,839	31,202	\$100	31,302
Public enterprise funds:												
Disaster loans, etc., revolving fund.....	352					-4,664	-697		-697	-7,962		-7,962
Farm tenant-mortgage insurance fund (indefinite permanent authorization to expend from debt receipts).....	352		3,400			-5,053	3,277		3,277	-651		-651
Total, Farmers' Home Administration.....		239,714	241,990	2,210	204,300	272,279	308,259	2,110	310,369	207,189	100	207,289
OFFICE OF THE GENERAL COUNSEL												
Current authorizations:												
Salaries and expenses.....	355	3,028	2,968	268	3,311	2,869	3,088	253	3,341	3,284	15	3,299
OFFICE OF THE SECRETARY												
Current authorizations:												
Salaries and expenses.....	355	2,744	2,669	208	2,881	2,606	2,788	198	2,986	2,868	10	2,878
Intragovernmental funds:												
Working capital fund.....	355					-47	-24		-24	-37		-37
Total, Office of the Secretary.....		2,744	2,669	208	2,881	2,559	2,764	198	2,962	2,831	10	2,841
OFFICE OF INFORMATION												
Current authorizations:												
Salaries and expenses.....	355	1,402	1,359	59	1,432	1,426	1,352	42	1,394	1,429	17	1,446
Intragovernmental funds:												
Advances and reimbursements.....	355					-49						
Proposed for later transmission (other than pay increase supplementals):												
Under existing legislation: Salaries and expenses.....	355			18							18	18
Total, Office of Information.....		1,402	1,359	77	1,432	1,377	1,352	42	1,394	1,429	35	1,464
LIBRARY												
Current authorizations:												
Salaries and expenses.....	355	801	772	63	933	767	778	60	838	917	3	920
FOREST SERVICE												
Current authorizations:												
Forest protection and utilization.....	402	99,891	103,505	5,432	104,150	94,199	105,696	5,138	110,834	101,831	294	102,125
Salaries and expenses (expired account).....	402				700							
Cooperative range improvements (special fund).....	402	700	700		700							
Forest roads and trails:						20,891	31,115		31,115	24,000		24,000
Liquidation of contract authorization.....	402	(24,336)	(26,000)		(24,000)							
Contract authorization.....	402	32,000	30,000		30,000							
Acquisition of lands for national forests:												
Cache National Forest.....	402	50	50		50	17	28		28	50		50
Special acts (special fund).....	402	9	10		10	11	10		10	10		10
Superior National Forest.....	402	500				265	265		265	265		265
Weeks Act.....	402					58	40		40	1		1
Assistance to States for tree planting.....	402	500				78	400		400	20		20
State and private forestry cooperation.....	402					1,463	52		52	6		6

BUDGET AUTHORIZATIONS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	NEW AUTHORIZATIONS (appropriations unless otherwise specified)				BUDGET EXPENDITURES (from new and prior authorizations)						
		1958 enacted	1959 estimate		1960 estimate	1958 actual	1959 estimate			1960 estimate		
			Enacted	Proposed for later transmission			Enacted	Proposed for later transmission	Total	Recommended	Proposed for later transmission	Total
FOREST SERVICE—Continued												
Permanent authorizations:												
Expenses, brush disposal (indefinite special fund).....	402	\$3,767	\$5,000	-----	\$5,000	\$4,278	\$4,350	-----	\$4,350	\$4,350	-----	\$4,350
Roads and trails for States, national forests fund (indefinite special fund).....	402	10,791	8,885	-----	11,400	15,353	8,885	-----	8,885	11,400	-----	11,400
Miscellaneous permanent appropriations:												
Forest fire prevention (indefinite special fund).....	402	23	20	-----	20	17	19	-----	19	20	-----	20
Restoration of forest lands and improvements (indefinite special fund).....	402	-----	100	-----	100	-----	85	-----	85	100	-----	100
Payments to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund (indefinite special fund).....	402	48	48	-----	48	48	48	-----	48	48	-----	48
Payments due counties, submarginal land program, Farm Tenant Act (indefinite special fund).....	354	558	400	-----	400	558	400	-----	400	400	-----	400
Payments to school funds, Arizona and New Mexico, Act of June 20, 1910 (receipt limitation) (indefinite).....	402	105	105	-----	105	105	105	-----	105	105	-----	105
Payments to States and Territories from the national forests fund (indefinite special fund).....	402	26,975	22,215	-----	28,575	26,975	22,215	-----	22,215	28,575	-----	28,575
Construction of improvements, Salt Lake City, Utah (indefinite special fund).....	402	-----	-----	-----	16	-----	-----	-----	-----	12	-----	12
Intragovernmental funds:												
Working capital fund, Forest Service.....	402	-----	-----	-----	-----	—85	10	-----	10	—60	-----	—60
Advances and reimbursements.....	402	-----	-----	-----	-----	15	-----	-----	-----	-----	-----	-----
Proposed for later transmission (other than pay increase supplementals):												
Under existing legislation: Forest protection and utilization.....	402	-----	-----	\$7,500	-----	-----	-----	\$4,875	4,875	-----	\$2,625	2,625
Total, Forest Service	-----	175,917	171,038	12,932	180,574	164,246	173,723	10,013	183,736	171,133	2,919	174,052
Total new obligational authority and budget expenditures.....	-----	6,796,052	4,543,638	1,372,964	5,514,456	4,874,937	7,309,485	31,878	7,341,363	6,314,665	135,330	6,449,995
RECAPITULATION												
Enacted or recommended in this document:												
Current authorizations:												
Appropriations.....	-----	\$6,026,667	\$3,615,841	-----	\$4,188,870	\$4,874,937	\$7,309,485	-----	-----	-----	-----	\$6,314,665
Appropriations to liquidate contract authorization.....	-----	(24,336)	(26,000)	-----	(24,000)							
Authorization to expend from debt receipts.....	-----	448,500	619,000	-----	388,000							
Contract authorizations.....	-----	32,000	30,000	-----	30,000							
Reappropriations.....	-----	44	17,316	-----	-----							
Permanent authorizations:												
Appropriations.....	-----	288,841	258,081	-----	332,586	-----	-----	-----	-----	-----	-----	-----
Authorizations to expend from debt receipts.....	-----	-----	3,400	-----	-----							
Proposed for later transmission:												
Pay increase supplemental appropriations.....	-----	-----	26,961	-----	-----	-----	25,700	-----	-----	-----	1,260	-----
Other: Appropriations.....	-----	-----	1,346,003	-----	575,000	-----	6,178	-----	-----	-----	134,070	-----
Total new obligational authority and budget expenditures.....	-----	6,796,052	5,916,602	-----	5,514,456	4,874,937	7,341,363	-----	-----	-----	6,449,995	-----

EXPENDITURES AND APPLICABLE RECEIPTS OF PUBLIC ENTERPRISE FUNDS

[In thousands]

Organization unit and account title	Functional code	GROSS EXPENDITURES (funds applied)			RECEIPTS FROM OPERATIONS (funds provided)			BUDGET EXPENDITURES		
		1958	1959	1960	1958	1959	1960	1958	1959	1960
COMMODITY CREDIT CORPORATION (FUND)										
Price support, supply, and related programs.....	351	\$3, 106, 913	\$4, 880, 086	\$4, 625, 091	\$2, 120, 150	\$1, 762, 015	\$1, 826, 547	\$986, 763	\$3, 118, 071	\$2, 798, 544
Special milk program.....	217	68, 835	75, 000	75, 000	2, 104	1, 226	1, 109	66, 731	73, 774	73, 891
Total, price support, supply, and related programs and special milk.....		3, 175, 748	4, 955, 086	4, 700, 091	2, 122, 254	1, 763, 241	1, 827, 656	1, 053, 494	3, 191, 845	2, 872, 435
Special activities financed by Commodity Credit Corporation:										
International affairs and finance: Economic and technical development.....	152	121, 446	105, 834	94, 395				121, 446	105, 834	94, 395
Agriculture and agricultural resources:										
Stablization of farm prices and farm income.....	351	1, 479, 944	1, 477, 893	1, 377, 938	71, 514	72, 439	89, 525	1, 408, 429	1, 405, 453	1, 288, 413
Conservation and development of agricultural land and water resources.....	354	17, 714	33, 500	10, 500	16, 200	22, 500	37, 500	1, 514	11, 000	—27, 000
Research and other agricultural services.....	355	21, 165	2, 582	1, 456				21, 165	2, 582	1, 456
Total, special activities financed by Commodity Credit Corporation.....		1, 640, 268	1, 619, 808	1, 484, 289	87, 714	94, 939	127, 025	1, 552, 554	1, 524, 869	1, 357, 264
Proposed for later transmission:										
Under existing legislation: Partial restoration of estimated capital impairment as of June 30, 1959.....	351			81, 000						81, 000
Under proposed legislation: Sales of surplus agricultural commodities for foreign currencies.....	351			50, 000						50, 000
Total, Commodity Credit Corporation (fund).....		4, 816, 016	6, 574, 894	6, 315, 380	2, 209, 968	1, 858, 180	1, 954, 681	2, 606, 048	4, 716, 714	4, 360, 699
FEDERAL CROP INSURANCE CORPORATION										
Federal Crop Insurance Corporation fund.....	351	13, 879	7, 527	24, 700	18, 748	20, 082	24, 700	—4, 869	—12, 555	
FARMERS' HOME ADMINISTRATION										
Disaster loans, etc., revolving fund.....	352	68, 979	64, 010	53, 976	73, 643	64, 707	61, 938	—4, 664	—697	—7, 962
Farm tenant-mortgage insurance fund.....	352	18, 894	16, 267	14, 509	23, 947	12, 990	15, 160	—5, 053	3, 277	—651
Total, public enterprise funds.....		4, 917, 768	6, 662, 698	6, 408, 565	2, 326, 306	1, 935, 959	2, 056, 479	2, 591, 462	4, 706, 739	4, 352, 086

ANALYSIS OF UNEXPENDED BALANCES
BY ORGANIZATION UNIT AND ACCOUNT TITLE
 [In thousands]

Organization unit and account title	Balance, start of 1958		Balance, start of 1959		Balance, start of 1960		Fiscal year 1960			Balance, start of 1961	
	Unobligated	Total	Unobligated	Total	Unobligated	Total	New obligational authority	Estimated expenditures from	Balances of prior authority	Unobligated	Total
AGRICULTURAL RESEARCH SERVICE											
Current authorizations:											
Salaries and expenses		\$44,496		\$21,905		\$23,463	\$434,825	\$115,860	\$18,591		\$21,892
State experiment stations		305		135		261	31,804	31,535	200		272
Diseases of animals and poultry		941		172		52			20		32
Animal disease laboratory facilities	\$15,765	16,408	\$15,651	16,028	\$508	49,463			8,000		2,463
Research facilities	277	817	148	191							
Research on strategic and critical agricultural materials		40		7							
Permanent authorizations:											
Alterations and improvements, animal quarantine station, Clinton, N. J. (Indefinite special fund)						50			30		
Intragovernmental funds:											
Working capital fund	393	286	125	301	127	286				\$130	286
Advances and reimbursements		1		1							
Total, Agricultural Research Service	16,425	33,336	15,924	38,833	1,095	34,497	466,629	147,395	26,841	430	26,945
EXTENSION SERVICE											
Current authorizations:											
Cooperative extension work, payments and expenses		1,484		1,434		1,370	64,140	62,781	1,337		1,398
Proposed for later transmission (other than pay increase supplements):											
Under existing legislation: Cooperative extension work, payments and expenses						150			150		
Total, Extension Service		1,484		1,434		1,532	64,140	62,781	1,487		1,398
FARMER COOPERATIVE SERVICE											
Current authorizations:											
Salaries and expenses		41		64		68	620	552	68		68
Intragovernmental funds:											
Advances and reimbursements		34		55		57					57
Total, Farmer Cooperative Service		75		119		125	620	552	68		125
SOIL CONSERVATION SERVICE											
Current authorizations:											
Conservation operations		4,693		8,527		5,788	81,072	75,212	5,788		5,860
Watershed protection	7,150	12,500	16,796	21,409	10,000	26,009	20,000		24,000		22,699
Flood prevention	1,583	6,096	1,376	7,196		10,196	15,000	4,801	10,196		10,196
Water conservation and utilization projects	16	45	17	45		98	75	39	98		30
Great Plains conservation program			4,364	8,437		12,437	42,500	2,000	7,000		15,937
Total, Soil Conservation Service	8,749	23,334	22,553	48,401	10,000	55,218	128,647	82,055	47,082		54,728
AGRICULTURAL CONSERVATION PROGRAM SERVICE											
Current authorizations:											
Agricultural conservation program	16	23,556	2	22,612		32,612	241,500	193,958	31,042		49,112
Emergency conservation measures	3,069	3,069		4,153		15,300			5,000		10,300
Total, Agricultural Conservation Program Service	3,085	25,625	2	26,765		47,912	241,500	193,958	36,042		59,412
AGRICULTURAL MARKETING SERVICE											
Current authorizations:											
Marketing research and service		3,180		5,170		4,221	42,060	37,760	3,799		4,722
Payments to States, Territories, and possessions							1,160	1,160			
School lunch program		890		610		1,513	100,000	99,487	1,513		513
Permanent authorizations:											
Perishable Agricultural Commodities Act fund (Indefinite special fund)	312	313	395	448	301	420	685	331	420	297	354
Removal of surplus agricultural commodities (Indefinite)	297,949	348,074	300,000	325,263	300,000	327,756	238,607		150,000	300,000	327,756
Intragovernmental funds:											
Advances and reimbursements	20	72	22	432		116					116
Proposed for later transmission (other than pay increase supplements):											
Under existing legislation: Marketing research and service						271			271		
Total, Agricultural Marketing Service	298,284	322,559	300,417	331,653	300,301	334,297	382,512	138,738	156,003	300,297	333,464

¹ Excludes amounts no longer available in 1960 of \$88,607 thousand.

ANALYSIS OF UNEXPENDED BALANCES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Balance, start of 1958		Balance, start of 1959		Balance, start of 1960		Fiscal year 1960			Balance, start of 1961	
	Unobligated	Total	Unobligated	Total	Unobligated	Total	New obligational authority	Estimated expenditures from— New obligational authority	Balances of prior authority	Unobligated	Total
FOREIGN AGRICULTURAL SERVICE											
Current authorizations:											
Salaries and expenses.....		\$771		\$887		\$872	\$6,861	\$5,858	\$850		\$1,025
COMMODITY EXCHANGE AUTHORITY											
Current authorizations:											
Salaries and expenses.....		42		82		44	900	853	44		47
SOIL BANK PROGRAMS											
Current authorizations:											
Conservation reserve.....				1,356		1,356	360,370	340,714	1,356		19,656
Acreage reserve:											
Appropriation.....				39		39	1,050	1,038	39		12
Authorization to expend from debt receipts.....	\$15,610	16,226	\$233	310							
Total, soil bank programs.....	15,610	16,226	233	1,705		1,395	361,420	341,752	1,395		19,668
COMMODITY STABILIZATION SERVICE											
Current authorizations:											
Acreage allotments and marketing quotas.....		117		291		75	39,135	39,063	75		72
Sugar Act program.....		4,614		2,666		10,438	71,500	64,856	10,331		6,751
Intragovernmental funds:											
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938.....	980	2,364		2,613		2,822			422		2,400
Local administration, sec. 388, Agricultural Adjustment Act of 1938.....	5,052	7,020		5,419		2,000					2,000
Total, Commodity Stabilization Service.....	6,038	14,115		10,989		15,335	110,635	103,919	10,828		11,223
COMMODITY CREDIT CORPORATION (FUND)											
Public enterprise funds:											
Price support, supply, and related programs and special milk:											
Cash.....		44,682		26,961		22,855	1,535,424	2,851,152	1,378,547	\$9,762	25,308
Authorization to expend from debt receipts.....	586,882	1,117,000	2,463,319	2,972,000	\$875,875	1,381,000					
Special activities financed by Commodity Credit Corporation.....							1,315,723				
Proposed for later transmission (other than pay increase supplementals):											
Under existing legislation: Partial restoration of estimated capital impairment as of June 30, 1959.....							575,000	81,000			494,000
Under proposed legislation: Sales of surplus agricultural commodities for foreign currencies.....									50,000		-50,000
Total, Commodity Credit Corporation (fund).....	586,882	1,161,682	2,463,319	2,998,961	875,875	1,403,855	3,426,152	2,932,152	1,428,547	9,762	469,308
FEDERAL CROP INSURANCE CORPORATION											
Current authorizations:											
Operating and administrative expenses.....		1,513		1,511		488	6,377	5,891	485		489
Public enterprise funds:											
Federal Crop Insurance Corporation fund.....	21,538	21,768	25,755	26,637	35,843	39,192				35,843	39,192
Total, Federal Crop Insurance Corporation.....	21,538	23,281	25,755	28,148	35,843	39,680	6,377	5,891	485	35,843	39,681
RURAL ELECTRIFICATION ADMINISTRATION											
Current authorizations:											
Salaries and expenses.....		414		769		516	9,632	9,087	516		545
Loan authorizations (authorization to expend from debt receipts).....	171,570	931,703	67,628	862,511	107,353	957,011	215,000	20,000	305,000	353	847,011
Total, Rural Electrification Administration.....	171,570	932,117	67,628	863,280	107,353	957,527	224,632	29,087	305,516	353	847,556

ANALYSIS OF UNEXPENDED BALANCES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Balance, start of 1958		Balance, start of 1959		Balance, start of 1960		Fiscal year 1960			Balance, start of 1961	
	Unobligated	Total	Unobligated	Total	Unobligated	Total	New obligational authority	Estimated expenditures from—		Unobligated	Total
								New obligational authority	Balances of prior authority		
FARMERS' HOME ADMINISTRATION											
Current authorizations:											
Loan authorizations (authorization to expend from debt receipts):											
Farm ownership, farm operating, and soil and water conservation.....		\$23,386		\$3,529		\$1,179	\$173,000	\$170,460	\$1,140		\$2,579
Farm housing.....	\$430,139	433,312	\$397,459	403,126	\$337,459	340,026			13,000	\$325,459	327,026
Salaries and expenses.....		1,437		3,002		1,421	31,300	29,881	1,421		1,419
Public enterprise funds:											
Disaster loans, etc., revolving fund.....	33,679	28,033	38,331	32,697	39,779	33,394			-7,962	47,991	41,356
Farm tenant-mortgage insurance fund.....	2,651	1,301	2,837	1,114	3,367	1,237			-651	3,572	1,138
Total, Farmers' Home Administration.....	466,469	487,469	438,627	443,468	380,605	377,257	204,300	200,341	6,948	377,022	373,518
OFFICE OF THE GENERAL COUNSEL											
Current authorizations:											
Salaries and expenses.....		130		278		173	3,311	3,126	173		185
OFFICE OF THE SECRETARY											
Current authorizations:											
Salaries and expenses.....		125		254		145	2,881	2,734	144		148
Intragovernmental funds:											
Working capital fund.....	252	264	226	311	212	335			-37	210	372
Total, Office of the Secretary.....	252	389	226	565	212	480	2,881	2,734	107	210	520
OFFICE OF INFORMATION											
Current authorizations:											
Salaries and expenses.....		350		362		386	1,432	1,061	385		372
Proposed for later transmission (other than pay increase supplements):											
Under existing legislation: Salaries and expenses.....						18			18		
Total, Office of Information.....		350		362		404	1,432	1,061	403		372
LIBRARY											
Current authorizations:											
Salaries and expenses.....		34		64		59	933	879	41		72
FOREST SERVICE											
Current authorizations:											
Forest protection and utilization.....	36	7,743		14,532		12,710	{ 104,150 700 }	89,880	12,245		15,435
Cooperative range improvements (special fund).....											
Forest roads and trails:											
Appropriation.....	337	8,270		11,715		6,600	{ 30,000 }		24,000	{ 36,000 }	6,600
Contract authorization.....	27,000	27,000	26,916	34,664	30,000	38,664					
Acquisition of lands for national forests:											
Cache National Forest.....	3	50	53	83		105	50		50		105
Special acts (special fund).....		15		13		13	10	2	8		13
Superior National Forest.....	268	532	532	767		502			265		237
Weeks Act.....		119		41		1			1		
Assistance to States for tree planting.....			9	422		22			20		2
State and private forestry cooperation.....		1,598		58		6			6		
Permanent authorizations:											
Expenses, brush disposal (indefinite special fund).....	2,676	3,125	1,775	2,613	2,326	3,263	5,000	2,000	2,350	2,326	3,913
Roads and trails for States, national forests fund (indefinite special fund).....	489	4,562					11,400	11,400			
Miscellaneous permanent appropriations:											
Forest fire prevention (indefinite special fund).....	5	7	11	13		14	20	10	10		14
Restoration of forest lands and improvements (indefinite special fund).....						15	100	85	15		15
Payments to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund (indefinite special fund).....							48	48			

2 Excludes amounts no longer available in 1960 of \$750 thousand

ANALYSIS OF UNEXPENDED BALANCES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Balance, start of 1958		Balance, start of 1959		Balance, start of 1960		Fiscal year 1960			Balance, start of 1961	
	Unobli- gated	Total	Unobli- gated	Total	Unobli- gated	Total	New obli- gational author- ity	Estimated expend- itures from—		Unobli- gated	Total
								New obli- gational author- ity	Balances of prior author- ity		
FOREST SERVICE—Continued											
Permanent authorizations—Continued											
Miscellaneous permanent appropriations—Continued											
Payments due counties, submarginal land program, Farm Tenant Act (indefinite special fund).....							\$400	\$400			
Payments to school funds, Arizona and New Mexico, act of June 20, 1910 (receipt limitation) (indefinite).....							105	105			
Payments to States and Territories from the national for- ests fund (indefinite special fund).....							28,575	28,575			
Construction of improvements, Salt Lake City, Utah (indefinite special fund).....							16	12			\$4
Intragovernmental funds:											
Working capital fund, Forest Service.....	—\$446	\$1,422	\$76	\$1,506	\$291	\$1,496			—\$60	\$839	1,556
Advances and reimbursements.....		15									
Proposed for later transmission (other than pay increase sup- plementals):											
Under existing legislation: Forest protection and utilization.....						2,625			2,625		
Total, Forest Service.....	30,368	54,458	29,372	66,427	32,617	66,036	180,574	132,517	41,535	39,165	72,558
Total, Department of Agriculture.....	1,625,267	3,097,477	3,364,056	4,862,424	1,743,961	3,336,698	5,514,456	4,385,589	2,064,406	762,782	2,311,802
RECAPITULATION											
Enacted or recommended in this document:											
Appropriations.....	\$329,951	\$441,588	\$341,129	\$476,819	\$313,655	\$505,358	\$4,939,456	\$4,304,589	\$2,010,076	\$302,623	\$526,141
Balances of anticipated pay increase supplementals not identified above.....						—1,260					
Subtotal.....	329,951	441,588	341,129	476,819	313,655	504,098				302,623	526,141
Authorizations to expend from debt receipts.....	1,204,201	2,521,627	2,928,639	4,241,476	1,320,687	2,679,216				335,574	1,176,616
Contract authorizations.....	27,000	27,000	26,916	46,379	30,000	45,264				36,000	51,264
Revolving and management funds.....	64,115	107,262	67,372	97,750	79,619	103,790				88,585	113,781
Proposed for later transmission:											
Appropriations.....						3,070	575,000	81,000	54,330		444,000
Balances of anticipated pay increase supplementals not identified above.....						1,260					
Subtotal.....						4,330					444,000
Total, Department of Agriculture.....	1,625,267	3,097,477	3,364,056	4,862,424	1,743,961	3,336,698	5,514,456	4,385,589	2,064,406	762,782	2,311,802

¹ Excludes amounts no longer available in 1960 of \$88,607 thousand.² Excludes amounts no longer available in 1960 of \$750 thousand.

SUMMARY OF BUDGET AUTHORIZATIONS, EXPENDITURES, AND BALANCES

[In thousands]

	1958 actual	1959 estimate	1960 estimate
Balances brought forward at start of year from authorizations:			
Enacted or recommended in this document:			
Appropriations.....	\$441,588	\$476,819	\$504,098
Authorizations to expend from debt receipts.....	2,521,627	4,241,476	2,679,216
Contract authorizations.....	27,000	46,379	45,264
Revolving and management funds.....	107,262	97,750	103,790
Proposed for later transmission:			
Pay increase supplemental appropriations.....			1,260
Other: Appropriations.....			3,070
Total balances brought forward.....	3,097,477	4,862,424	3,336,698
New obligational authority:			
Enacted or recommended in this document:			
Current authorizations:			
Appropriations.....	6,026,667	3,615,841	4,188,870
Appropriations to liquidate contract authorizations.....	(24,336)	(26,000)	(24,000)
Authorizations to expend from debt receipts.....	448,500	619,000	388,000
Contract authorizations.....	32,000	30,000	30,000
Reappropriations.....	44	17,316	
Permanent authorizations:			
Appropriations.....	288,841	258,081	332,586
Authorizations to expend from debt receipts.....		3,400	
Total new obligational authority enacted or recommended.....	6,796,052	4,543,638	4,939,456
Proposed for later transmission:			
Pay increase supplemental appropriations.....		26,961	
Other Appropriations.....		1,346,003	575,000
Total new obligational authority proposed for later transmission.....		1,372,964	575,000
Total new obligational authority.....	6,796,052	5,916,602	5,514,456
Other amounts available:			
Appropriations available in prior year.....		-2,076	
Appropriations available from subsequent year.....	2,076		
Total budget authorizations available.....	9,895,605	10,776,950	8,851,154
Expenditures:			
From obligational authority enacted or recommended:			
Out of new obligational authority.....	4,874,937	7,309,485	4,304,589
Out of balances of prior obligational authority.....			2,010,076
Total expenditures from obligational authority enacted or recommended.....	4,874,937	7,309,485	6,314,665
From obligational authority proposed for later transmission:			
Pay increase supplemental appropriations.....		25,700	1,260
Other:			
Out of new obligational authority.....		6,178	81,000
Out of balances of prior obligational authority.....			53,070
Total expenditure from obligational authority proposed for later transmission.....		31,878	135,330
Total budget expenditures.....	4,874,937	7,341,363	6,449,995
Amounts no longer available:			
Unobligated balances expiring and lapsing.....	154,914	98,889	89,357
Adjustment of balances downward in expired accounts, net.....	3,330		
Total amounts no longer available.....	158,244	98,889	89,357
Balances carried forward at close of year from authorizations:			
Enacted or recommended in this document:			
Appropriations.....	476,819	504,098	526,141
Authorizations to expend from debt receipts.....	4,241,476	2,679,216	1,176,616
Contract authorization.....	46,379	45,264	51,264
Revolving and management funds.....	97,750	103,790	113,781
Proposed for later transmission:			
Pay increase supplemental appropriations.....		1,260	
Other: Appropriations.....		3,070	444,000
Total balances carried forward at close of year.....	4,862,424	3,336,698	2,311,802
Obligations incurred, net.....	\$4,904,425	\$7,435,732	\$6,406,278

AGRICULTURAL RESEARCH SERVICE

Current authorizations:

SALARIES AND EXPENSES

For expenses necessary to perform agricultural research relating to production [and utilization], utilization, and home economics, to control and eradicate pests and plant and animal diseases, and to perform related inspection, quarantine and regulatory work, and meat inspection: *Provided*, That not to exceed \$75,000 of the appropriations hereunder shall be available for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a): *Provided further*, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed two, of which one shall be for replacement only: *Provided further*, That appropriations hereunder shall be available pursuant to title 5, United States Code, section 565a, for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building (except headhouses connecting greenhouses) shall not exceed \$10,000, except for five buildings to be constructed or improved at a cost not to exceed \$20,000 each, and the cost of altering any one building during the fiscal year shall not exceed \$3,750 or 4 per centum of the cost of the building, whichever is greater:

Research: For research and demonstrations on the production and utilization of agricultural products, home economics, and related research and services, including administration of payments to State agricultural experiment stations; [\$59,044,890] \$64,240,000: *Provided*, That not to exceed \$71,000 may be used for reimbursement to Department of the Army for land and improvements at Orlando, Florida, to be transferred pursuant to the Federal Property and Administrative Services Act of 1949, as amended: *Provided further*, That the limitations contained herein shall not apply to (a) replacement of buildings needed to carry out the Act of April 24, 1948 (21 U. S. C. 113a), or (b) not to exceed \$639,000 for the construction and alteration of buildings: *Provided further*, That the Secretary is authorized to acquire by donation lands necessary for the construction thereof;

Plant and animal disease and pest control: For operations and measures, not otherwise provided for, to control and eradicate pests and plant and animal diseases and for carrying out assigned inspection, quarantine and regulatory activities, as authorized by law, including expenses pursuant to the Act of February 28, 1947 (21 U. S. C. 114b-d); [\$47,132,000] \$49,110,000, of which [\$1,000,000] \$1,500,000 shall be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, for the control of outbreaks of insects and plant diseases to the extent necessary to meet emergency conditions;

Meat inspection: For carrying out the provisions of laws relating to Federal inspection of meat, and meat-food products, and the applicable provisions of the laws relating to process or renovated butter; [\$17,326,000] \$21,475,000.

[For an additional amount for "Salaries and expenses", as follows:]

[Plant and animal disease and pest control, \$3,500,000, of which \$500,000 shall be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for the control of outbreaks of insects and diseases to the extent necessary to meet emergency conditions;]

[Meat inspection, \$1,750,000.]

[Not to exceed \$346,000 of the amount made available under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1958, may be used until June 30, 1959, for construction, alteration and repair of buildings and the limitation on building construction or alteration contained therein shall not apply to said amount.] (5 U. S. C. 511-512, 524, 541c-541e, 563-564, 565a, 576, 2131; 7 U. S. C. 135-135k, 145-164a, 166-167, 231-233, 361a-361i, 391, 394-396, 397, 401-404, 421-422a, 424-425, 427, 427i, 428a, 429-431, 433-434, 436-437, 851-855, 1292, 1651-1656; 15 U. S. C. 69e; 16 U. S. C. 531-531a, 531f, 590a-590b, 590f, 590k; 19 U. S. C. 1201, 1306; 20 U. S. C. 191-194; 21 U. S. C. 71-96, 101-105, 111-128, 130-131, 151-158, 346; 26 U. S. C. 2325, 2326c; 31 U. S. C. 725a; 45 U. S. C. 71-74; 46 U. S. C. 466a-466b; 48 U. S. C. 198, 1409m-1409o; 49 U. S. C. 177e, 181b; 46 Stat. 67; 72 Stat. 454, 862-864, 1685, 1793; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959; Supplemental Appropriation Act, 1959.)

Appropriated 1959, \$128,752,890

Estimate 1960, \$134,825,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Direct obligations:			
1. Research:			
(a) Farm research.....	\$42,652,334	\$44,131,000	\$44,906,000
(b) Utilization research and development.....	13,270,531	16,067,000	16,067,000
(c) Home economics research.....	2,061,557	2,164,000	2,164,000
(d) Administration of payments to States, and research in Alaska, Puerto Rico, and Virgin Islands.....	962,259	1,103,000	1,103,000
Total, research.....	58,946,681	63,465,000	64,240,000
2. Plant and animal disease and pest control:			
(a) Plant disease and pest control.....	17,474,496	23,806,400	24,279,400
(b) Animal disease and pest control.....	11,789,003	29,248,600	24,830,600
Total, plant and animal disease and pest control.....	29,263,499	53,055,000	49,110,000
3. Meat inspection.....	18,065,791	20,975,000	21,475,000
4. 1959 program obligated in 1958.....	527,557	-527,557	
Total direct obligations.....	106,803,528	136,967,443	134,825,000
Obligations from amounts advanced by Commodity Credit Corporation:			
2. Plant and animal disease and pest control: (b) Animal disease and pest control, brucellosis eradication.....	17,865,254		
Total obligations.....	124,668,782	136,967,443	134,825,000
Financing:			
1959 appropriation available in 1958.....	-527,557	527,557	
Advanced (repayable to Commodity Credit Corporation) for brucellosis eradication.....	-17,865,254		
Unobligated balance no longer available.....	1,094,319		
New obligational authority.....	107,370,290	137,495,000	134,825,000
New obligational authority:			
Appropriation.....	\$104,709,140	\$128,752,890	\$134,825,000
Transferred from—			
"Conservation reserve," soil bank programs (72 Stat. 243).....	2,648,753		
"State experiment stations" (72 Stat. 243).....	12,397		
Appropriation (adjusted).....	107,370,290	128,752,890	134,825,000
Proposed supplemental due to pay increases.....		8,396,110	
Reappropriation.....		346,000	

The Agricultural Research Service conducts fundamental and applied research relating to the production and utilization of agricultural products, and to home economics, and carries out those control and regulatory programs of the Department which involve enforcement of plant and animal quarantines, meat inspection, the control of diseases and insect pests of animals and plants, and related work.

1. *Research*—(a) *Farm research*.—Improved breeding, feeding, and management practices are developed for farm livestock, poultry, and domestic fur animals. Practical methods are sought for control of diseases and parasites affecting them. Research on foot-and-mouth disease of livestock is conducted at Plum Island, N. Y.

Investigations are conducted to improve varieties of food, feed, fiber, and other plants and to develop new crops; to improve crop-production practices, including methods to control plant diseases; to improve methods for control of harmful and utilization of beneficial insects affecting farm production; and to develop and test new chemical formulations for the control of crop pests.

Research is conducted to improve fertilizers, soil management, irrigation, and conservation practices; to study hydrologic problems of agricultural watersheds; to deter-

AGRICULTURAL RESEARCH SERVICE—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

mine the relation of soils to plant, animal, and human nutrition; and to apply engineering principles to improve efficiency and reduce costs of agricultural production. Farm economics research is conducted on profitable adjustments in farming by type and size of farm; on efficiency in use of labor, equipment, land, and water; and on related economic problems.

Continuous review of the research work is made in order to emphasize work which will meet the problems of agricultural surpluses. To find increased outlets for agricultural products, research has been expanded on the breeding and development of long staple cotton for better quality fabrics, corn with waxy starch for glues and adhesives, corn with high amylose content for industrial use, milk with high solids and lowered fat content for changing dietary requirements, the meat-type hog to reduce fats in surplus, etc. More than \$1 million of farm research funds are now used for the introduction and development of new crops. Most of the production research is now oriented to meet market demands. For example, it includes current research on the development of peaches with good shipping quality, vegetables suitable for freezing, cottons with greater strength, and beef that is tender with less back and belly fat. In addition to these adjustments, the proportion of farm research funds going into basic research has been steadily increased—to about 27% today. This basic research undergirds the other research efforts.

The estimates for 1960 propose increases for research on humane slaughter methods, for additional facilities at the National Arboretum, for a laboratory at Logan, Utah (for research on sugar beets and other crops), and for the transfer from the Department of the Army of real property at Orlando, Fla., used for insect investigations.

(b) *Utilization research and development.*—Chemical, physical, and biological studies are conducted to develop new and improved foods, feeds, drugs, fabrics, industrial chemicals, and other products from agricultural commodities, to improve commodity processing methods, and to increase the use of byproducts. In addition, foreign currencies are available for market development research and are described separately below.

(c) *Home economics research.*—Studies are made of human nutrition, household economics, and clothing and housing.

(d) *Administration of payments to States, and research in Alaska, Puerto Rico, and Virgin Islands.*—Research under Federal grant funds at each State agricultural experiment station is coordinated with research conducted by other States and by agencies of the Department. The Secretary's responsibilities for the proper administration of these funds are financed by a direct appropriation (\$351,000 estimated for 1959) and 3% of the grant funds. Research stations are operated in Alaska, Puerto Rico, and the Virgin Islands.

2. *Plant and animal disease and pest control.*—(a) *Plant disease and pest control.*—Provision is made (1) through port-of-entry inspection to exclude from this country destructive insects, plant diseases, and nematodes that cause great damage to agricultural crops in other parts of the world; (2) to cooperate with States in eradicating or preventing spread of crop pests that become established in

this country; and (3) to assist States in suppressing incipient and emergency outbreaks of crop pests when and where they occur. The Federal Insecticide, Fungicide, and Rodenticide Act and related provisions of the Federal Food, Drug, and Cosmetic Act are administered. An increase is proposed for 1960 for increased cooperative surveys and regulatory activities to control the soybean cyst nematode. The volume of workload is indicated in the following table:

	[In thousands]		
	1956 actual	1957 actual	1958 actual
Inspections at ports of entry:			
Airplanes.....	97	111	121
Vessels.....	55	58	59
Interceptions of unauthorized plant material.....	245	291	311
Export certificates issued.....	45	49	50
Plant containers certified for export.....	23,460	25,411	24,682

(b) *Animal disease and pest control.*—Programs are devised to exclude communicable diseases of foreign origin from this country; to prevent the spread of diseases through interstate shipments of livestock or distribution of impure or impotent veterinary biologics; to control and eradicate livestock diseases and to maintain, through a marketing agreement with manufacturers and handlers, adequate supplies of hog cholera virus and serum for protection of swine. The estimates for 1960 propose a decrease of \$5 million due to progress and accomplishments in the brucellosis eradication program. This decrease is partially offset by an increase of \$600,000 for the control of vesicular exanthema of swine, financed since 1956 through advances from the Commodity Credit Corporation.

The volume of protective activities is indicated by selected examples in the following table:

	[In thousands]		
	1956 actual	1957 actual	1958 actual
Animal import inspection:			
All animals.....	195	346	1,127
Import animal byproducts:			
Wool, bone, glands, etc.....pounds.....	725,000	672,000	590,600
Hides and skins.....do.....	(1)	(1)	303,000
Sheep inspected for scabies.....	8,730	11,944	9,501
Scabies-infected sheep found.....	43	57	57
Cattle inspected for scabies.....	1,763	2,090	2,139
Scabies-infected cattle found.....	7	5	1
Inspections and dippings for cattle fever ticks.....	1,752	1,932	2,832
Cattle tested for tuberculosis.....	9,220	8,976	8,884
Tuberculosis reactors found.....	14	14	15
Cattle tested for brucellosis:			
Blood tests.....	16,754	15,913	16,251
Ring tests.....	28,362	31,481	30,927
Brucellosis reactors found.....	367	280	260
Animals inspected at public stockyards.....	70,540	68,039	62,918
Diseased animals received or found.....	221	347	352
Supervision of production of veterinary biologics:			
Hog-cholera virus and anti-hog-cholera serum doses.....	50,441	46,164	40,669
Hog-cholera vaccine.....do.....	32,325	34,563	36,800
Other vaccines.....do.....	2,274,657	2,644,260	2,369,890
Total bacterins.....do.....	87,373	91,223	108,803
Diagnostic agents.....do.....	57,056	66,694	66,791
Other serums.....do.....	13,363	9,281	10,773

¹ Comparable data not available.

3. *Meat inspection.*—Federal meat inspection is required for all meat in interstate commerce and is conducted to assure a clean and wholesome meat supply for human consumption, free from adulteration and truthfully labeled. The work includes inspection of animals, carcasses and meat, and meat-food products at various stages of handling and processing. Measures are enforced to insure informative labeling and meats imported or exported are inspected. The proposed increase would provide for needed inspection and for necessary preparation for carrying out the regulatory requirements under the new law relating to humane slaughter methods (72 Stat. 862), approved August 27, 1958.

The volume of inspections and examinations is indicated by examples given in the following table:

	1958 actual	1957 actual	1958 actual
Number of establishments covered.....	1,184	1,244	1,300
Cities in which plants are located.....	471	502	518
Inspections of live animals.....	108,547,000	104,352,000	97,604,000
Post mortem inspections.....	108,540,000	104,345,000	97,599,000
Animals and carcasses condemned.....	304,000	301,000	264,000
Inspection of processed meat and meat-food products (million pounds).....	18,207	17,804	16,792

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	15,441	16,595	16,668
Full-time equivalent of all other positions.....	2,300	1,347	986
Average number of all employees.....	15,679	16,076	15,818
Number of employees at end of year.....	21,349	17,452	17,482
Fee-basis veterinarians at end of year included above.....	(5,020)		
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	7.5 \$5,976
Average salary of ungraded positions.....	\$3,796	\$3,842	\$3,841

Personal service obligations:			
Permanent positions.....	\$72,915,716	\$84,747,800	\$85,677,500
Positions other than permanent.....	3,028,761	3,143,000	3,229,300
Fee-basis veterinarians.....	6,883,415	2,000,000	
Other personal services.....	1,272,131	1,233,200	1,588,700

Total personal service obligations..... 84,100,023 91,124,000 90,495,500

Direct obligations:			
01 Personal services.....	72,654,489	91,124,000	90,495,500
02 Travel.....	3,061,173	4,267,800	4,277,200
03 Transportation of things.....	411,880	491,300	495,000
04 Communication services.....	709,485	1,184,200	1,190,200
05 Rents and utility services.....	835,066	975,600	972,900
06 Printing and reproduction.....	613,318	739,400	743,800
07 Other contractual services.....	5,408,161	11,726,800	10,046,200
Services performed by other agencies.....	4,051,769	4,247,600	4,370,700
08 Supplies and materials.....	7,081,133	8,582,699	9,043,500
09 Equipment.....	4,008,250	4,609,117	4,016,200
10 Lands and structures.....	327,584	200,000	859,000
11 Grants, subsidies, and contributions.....	4,021,653	5,370,300	5,448,000
13 Refunds, awards, and indemnities.....	44,629	47,900	47,900
Brucellosis indemnities.....	548,000	3,000,000	2,250,000
Payments to Mexican-United States Commission for the Prevention of Foot-and-Mouth Disease.....			20,000
Scrapie indemnities.....	111,242	150,000	50,000
Tuberculosis indemnities.....	390,677	443,000	443,000
15 Taxes and assessments.....	131,161	153,600	156,400
1959 program obligated in 1958.....	527,557	-527,557	

Subtotal..... 104,937,227 136,785,759 134,925,500
Deduct quarters and subsistence charges..... 98,432 100,500 100,500

Total direct obligations..... 104,838,795 136,685,259 134,825,000

Reimbursable obligations:			
01 Personal services.....	11,445,534		
02 Travel.....	795,416		
03 Transportation of things.....	36,607		
04 Communication services.....	259,988		
05 Rents and utility services.....	47,635		
06 Printing and reproduction.....	65,500		
07 Other contractual services.....	187,135		
Services performed by other agencies.....	107,516		
08 Supplies and materials.....	945,133		
09 Equipment.....	402,681		
11 Grants, subsidies, and contributions.....	336,269		
13 Refunds, awards, and indemnities.....	7,700		
Brucellosis indemnities.....	3,211,095		
15 Taxes and assessments.....	16,985		

Total reimbursable obligations..... 17,865,254

Total, Agricultural Research Service..... 122,704,049 136,685,259 134,825,000

ALLOCATION ACCOUNTS

Total number of permanent positions.....	8	1	
Full-time equivalent of all other positions.....		1	
Average number of all employees.....	2	2	
Number of employees at end of year.....	4	1	

Average GS grade and salary..... 7.7 \$5,883 7.8 \$6,502

01 Personal services:			
Permanent positions.....	\$14,307	\$6,490	
Positions other than permanent.....	688	2,640	
Other personal services.....	2,634	55	

Total personal services..... 17,529 9,185

02 Travel.....	54		
04 Communication services.....	65		
05 Rents and utility services.....	1,062	500	
06 Printing and reproduction.....	179	100	
07 Other contractual services.....	103,084	24,434	
08 Supplies and materials.....	226	200	
10 Lands and structures.....	1,841,596	247,280	
11 Grants, subsidies, and contributions.....	938	425	
15 Taxes and assessments.....		60	

Total, allocation accounts..... 1,964,733 282,184

Total obligations..... 124,668,782 136,967,443 134,825,000

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
Obligations are distributed as follows:			
Agricultural Research Service.....	\$122,704,049	\$136,685,259	\$134,825,000
General Services Administration.....	1,805,952	255,434	
Bureau of Public Roads, Department of Commerce.....	158,781	26,750	

INFORMATIONAL FOREIGN CURRENCY SCHEDULE

Foreign currency, Agricultural Trade Development and Assistance Act of 1954, as amended

[All amounts stated in U. S. dollar equivalents]

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Market development research (total obligations).....	\$371,484	\$6,628,516	\$10,000,000
Financing:			
Unobligated balance brought forward.....		-28,516	
Unobligated balance carried forward.....	28,516		
Authorization to expend foreign currency receipts (7 U. S. C. 1704).....	400,000	6,600,000	10,000,000

Foreign currencies, generated by the sale of surplus agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, are allocated to the Department to develop new foreign markets and expand existing markets for United States agricultural commodities, including cotton, dairy products, fats and oils, grain, feed, livestock and meat, poultry, fruits and vegetables, and tobacco. Utilization research in both applied and basic fields is carried on by research institutions and organizations in foreign countries by contracts or grants. This research will serve to expand the markets for agricultural commodities. It is estimated that \$10 million will be available in fiscal year 1960 for such research.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Full-time equivalent of all other positions.....		3	8
Average number of all employees.....		3	8
Number of employees at end of year.....		6	9
Average salary of ungraded positions.....		\$2,500	\$2,500
01 Personal services:			
Positions other than permanent.....		\$7,500	\$20,000
Other personal services.....		10,500	30,000
Total personal services.....		18,000	50,000
02 Travel.....		45,000	60,000
03 Transportation of things.....		10,000	20,000
04 Communication services.....		5,000	10,000
06 Printing and reproduction.....		5,000	10,000
07 Other contractual services.....	\$371,484	6,530,000	9,820,000
Services performed by other agencies.....		12,000	24,000
08 Supplies and materials.....		1,516	2,000
09 Equipment.....		2,000	4,000
Total obligations.....	371,484	6,628,516	10,000,000

Analysis of Expenditures

Obligated balance start of year.....		\$371,484	\$5,600,000
Obligations incurred during the year.....	\$371,484	6,628,516	10,000,000
Obligated balance end of year.....	-371,484	-5,600,000	-12,200,000
Expenditures.....		1,400,000	3,400,000

Status of Unfunded Allocations

Unfunded balance, start of year.....		\$400,000	
Allocations.....	\$400,000	6,600,000	\$10,000,000
Unfunded balance, end of year.....	-400,000		
Transfers into agency account.....		7,000,000	10,000,000

AGRICULTURAL RESEARCH SERVICE—Continued

Current authorizations—Continued

STATE EXPERIMENT STATIONS

Payments to States, Hawaii, [Alaska,] and Puerto Rico: For payments to agricultural experiment stations to carry into effect the provisions of the Hatch Act, approved March 2, 1887, as amended by the Act approved August 11, 1955 (7 U. S. C. 361a-361i), including administration by the United States Department of Agriculture, \$31,053,708; and payments authorized under section 204 (b) of the Agricultural Marketing Act, the Act approved August 14, 1946 (7 U. S. C. 1623), \$500,000; in all, \$31,553,708.

Penalty mail: For penalty mail costs of agricultural experiment stations, under section 6 of the Hatch Act of 1887, as amended, \$250,000. (39 U. S. C. 321q; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$31,803,708 Estimate 1960, \$31,803,708

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Payments to States, Hawaii, and Puerto Rico:			
(a) Payments to agricultural experiment stations.....	\$29,665,127	\$30,845,708	\$30,845,708
(b) Federal administration.....	656,531	708,000	708,000
2. Penalty mail.....	250,000	250,000	250,000
Total obligations.....	30,571,658	31,803,708	31,803,708
Financing:			
Unobligated balance no longer available.....	19,653		
New obligational authority.....	30,591,311	31,803,708	31,803,708
New obligational authority:			
Appropriation.....	\$30,603,708	\$31,803,708	\$31,803,708
Transferred to "Salaries and expenses" (72 Stat. 243).....	-12,397		
Appropriation (adjusted).....	30,591,311	31,803,708	31,803,708

Funds are allocated to agricultural experiment stations of the land-grant colleges in the States, Hawaii, and Puerto Rico for agricultural research, including investigations and experiments to promote a permanent and efficient agricultural industry and improvements in the rural home and rural life. The planned distribution of the grants for 1960 is:

Distributed according to statutory formula.....	\$24,445,708
Regional research funds.....	5,900,000
Payments authorized for marketing projects.....	500,000
Total.....	30,845,708

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	74	77	77
Full-time equivalent of all other positions.....	2	3	3
Average number of all employees.....	70	76	76
Number of employees at end of year.....	81	81	81
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	7.5 \$5,976
01 Personal services:			
Permanent positions.....	\$487,178	\$521,000	\$521,000
Positions other than permanent.....	7,734	17,000	15,000
Other personal services.....	1,908	2,000	4,000
Total personal services.....	496,820	540,000	540,000
02 Travel.....	55,460	60,000	60,000
03 Transportation of things.....	100	100	100
04 Communication services.....	251,002	251,000	251,000
05 Rents and utility services.....	2,998	3,000	3,000
06 Printing and reproduction.....	4,893	5,000	5,000
07 Other contractual services.....	5,493	3,000	3,000
Services performed by other agencies.....	50,756	55,000	55,000
08 Supplies and materials.....	3,759	3,200	3,200
09 Equipment.....	4,998	5,000	5,000
11 Grants, subsidies, and contributions.....	29,578	32,000	32,000
Payments to agricultural experiment stations.....	29,665,127	30,845,708	30,845,708
13 Refunds, awards, and indemnities.....	300	300	300
15 Taxes and assessments.....	374	400	400
Total obligations.....	30,571,658	31,803,708	31,803,708

DISEASES OF ANIMALS AND POULTRY

Eradication activities: For expenses necessary in the arrest and eradication of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious diseases of animals, or European fowl pest and similar diseases in poultry, and for foot-and-mouth disease and rinderpest programs undertaken pursuant to the provisions of the Act of February 28, 1947, and the Act of May 29, 1884, as amended (7 U. S. C. 391; 21 U. S. C. 111-122), including expenses in accordance with section 2 of said Act of February 28, 1947, the Secretary may transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department such sums as he may deem necessary, [but not to exceed \$1,000,000 for eradication of vesicular exanthema of swine,] to be available only in an emergency which threatens the livestock or poultry industry of the country, and any unexpended balances of funds transferred under this head in the next preceding fiscal year shall be merged with such transferred amounts: *Provided*, That this appropriation shall be subject to applicable provisions contained in the item "Salaries and expenses, Agricultural Research Service". (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Eradication activities (advanced from Commodity Credit Corporation) (total obligations).....	\$1,258,044	\$1,077,000	
Financing:			
Advances (repayable to Commodity Credit Corporation).....	-1,243,408	-1,047,375	
Unobligated balance no longer available.....	29,625		
Reappropriation (new obligational authority).....	44,261	29,625	

Eradication activities.—Funds for carrying out the program for the eradication of vesicular exanthema of swine have in the past been transferred from the Commodity Credit Corporation. Corporate funds so used are subsequently repaid from specific appropriations for that purpose. In 1960, it is proposed to include funds for this activity in the appropriation Salaries and expenses, Agricultural Research Service, plant and animal disease and pest control.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	151	96	
Average number of all employees.....	136	92	
Number of employees at end of year.....	105	90	
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	
01 Personal services:			
Permanent positions.....	\$636,929	\$418,899	
Other personal services.....	3,657	3,060	
Total personal services.....	640,586	421,959	
02 Travel.....	126,830	100,000	
03 Transportation of things.....	2,728	1,800	
04 Communication services.....	5,316	4,500	
05 Rents and utility services.....	1,078	600	
06 Printing and reproduction.....	2,637	2,000	
07 Other contractual services.....	13,480	10,000	
Services performed by other agencies.....	362,758	440,000	
08 Supplies and materials.....	45,403	49,941	
09 Equipment.....	20,882	15,000	
11 Grants, subsidies, and contributions.....	34,262	30,000	
15 Taxes and assessments.....	2,084	1,200	
Total obligations.....	1,258,044	1,077,000	

REIMBURSEMENTS TO COMMODITY CREDIT CORPORATION FOR ADVANCES FOR ANIMAL DISEASE ERADICATION ACTIVITIES

NOTE.—This appropriation is shown under Special activities and is reflected in the schedules of the Commodity Credit Corporation fund.

ANIMAL DISEASE LABORATORY FACILITIES

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Facility for animal disease research and control (total obligations).....	\$113,090	\$14,683,472	\$968,000

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing:			
Unobligated balance brought forward.....	—\$15,764,562	—\$15,651,472	—\$968,000
Unobligated balance carried forward.....	15,651,472	968,000	
Appropriation (new obligational authority).....			

In previous years \$16,500,000 had been provided for establishment of animal disease research and control laboratory facilities. Construction of the facilities at Ames, Iowa, was started in August 1958. Their completion is expected late in 1960.

Object Classification

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL RESEARCH SERVICE			
Total number of permanent positions.....	8	2	
Average number of all employees.....	7	2	
Number of employees at end of year.....	8	2	
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	
01 Personal services:			
Permanent positions.....	\$55,916	\$20,620	
Other personal services.....	1,580	80	
Total personal services.....	57,496	20,700	
02 Travel.....	1,792	4,362	
07 Other contractual services.....		70	
Services performed for other agencies.....	39,090		\$768,000
09 Equipment.....			
11 Grants, subsidies, and contributions.....	3,234	1,340	
15 Taxes and assessments.....	104		
Subtotal.....	101,716	26,472	
Deduct quarters and subsistence charges.....	69		
Total, Agricultural Research Service.....	101,647	26,472	768,000
ALLOCATION TO GENERAL SERVICES ADMINISTRATION			
03 Transportation of things.....	243		
06 Printing and reproduction.....		20,000	2,000
07 Other contractual services.....	11,200	205,000	130,000
10 Lands and structures.....		14,432,000	68,000
Total, General Services Administration.....	11,443	14,657,000	200,000
Total obligations.....	113,090	14,683,472	968,000

RESEARCH FACILITIES

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Facilities for research on foot-and-mouth and other diseases of animals (total obligations).....	\$128,963	\$148,127	
Financing:			
Obligated balance brought forward.....	—277,090	—148,127	
Unobligated balance carried forward.....	148,127		
Appropriation (new obligational authority).....			

The research laboratory and related facilities for investigation of foot-and-mouth and other animal diseases, for which \$10 million was appropriated in 1952, is now in use. Construction of a few remaining supporting facilities in 1959 will complete this installation.

Object Classification

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL RESEARCH SERVICE			
08 Supplies and materials.....	\$19,718		
10 Lands and structures.....	98,912	\$148,127	
Total, Agricultural Research Service.....	118,630	148,127	

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
ALLOCATION TO RIVERS AND HARBORS AND FLOOD CONTROL, ARMY			
Total number of permanent positions.....	1		
Average number of all employees.....	1		
Number of employees at end of year.....	0		
Average GS grade and salary.....	13.0 \$9,205		
01 Personal services: Permanent positions.....	\$9,014		
02 Travel.....	124		
04 Communication services.....	43		
07 Other contractual services.....	589		
11 Grants, subsidies, and contributions.....	563		
Total, rivers and harbors and flood control, Army.....	10,333		
Total obligations.....	128,963	\$148,127	

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

“Watershed protection,” Soil Conservation Service.

“Research and development, test, and evaluation, Army.”

“Army industrial fund.”

“United States dollars advanced from foreign governments, United States educational exchange program,” Department of State.

“Foreign currency, Agricultural Trade Development and Assistance Act of 1954.”

“Mutual security,” funds appropriated to the President.

“Translation of publications and scientific cooperation,” funds appropriated to the President.

Permanent authorizations:

ALTERATIONS AND IMPROVEMENTS, ANIMAL QUARANTINE STATION,
CLIFTON, NEW JERSEY

(Special fund)

Appropriated (est.) 1959, \$30,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Alterations and improvements (total obligations).....		\$30,000	
Financing:			
Appropriation (new obligational authority).....		30,000	

The act of August 20, 1958 (72 Stat. 680) authorized the Department to convey to the city of Clifton, N. J., about 7 acres of the land of the United States animal quarantine station located there. Conveyance is conditional upon payment of 75% of the appraised fair market value and \$30,000 to be deposited in a special account for making alterations of buildings, facilities, and improvements on the remaining land at the station.

Object Classification

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services.....		\$30,000	

Intragovernmental funds:

WORKING CAPITAL FUND, AGRICULTURAL RESEARCH CENTER

This fund finances, on a reimbursable basis, central facilities and services furnished to agencies at the Agricultural Research Center (64 Stat. 658). The capital consists of \$300,000 appropriated in 1951 and donated assets of \$208,077 as of June 30, 1958.

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Acquisition of equipment.....	\$62,826	\$50,000	\$50,000
Purchase of material and supplies.....	1,059,398	1,007,835	1,000,000
Other expenses.....	2,256,787	2,260,000	2,250,000
Increase in selected working capital.....		2,500	2,500
Total gross expenditures.....	3,379,011	3,320,335	3,302,500

AGRICULTURAL RESEARCH SERVICE—Continued

Intragovernmental funds—Continued

WORKING CAPITAL FUND, AGRICULTURAL RESEARCH
CENTER—Continued

Sources and Application of Funds (Operations)—Continued

	1958 actual	1959 estimate	1960 estimate
Receipts from operations (funds provided):			
Sales of goods and services.....	\$3,165,899	\$3,287,700	\$3,287,700
Rental income from quarters.....	11,494	12,300	12,300
Proceeds from sale of equipment.....	2,328	2,500	2,500
Decrease in selected working capital.....	217,125		
Total receipts from operations.....	3,396,846	3,302,500	3,302,500
Budget expenditures.....	-17,835	17,835	

Revenue, Expense, and Retained Earnings

Revenue.....	\$3,177,393	\$3,300,000	\$3,300,000
Expense.....	3,329,674	3,290,000	3,280,000
Net operating income or loss (—).....	-152,281	10,000	20,000
Nonoperating income:			
Proceeds from sale of equipment.....	2,328	2,500	2,500
Net book value of assets sold (—).....	-1,510	-2,000	-2,000
Net nonoperating income.....	818	500	500
Net income or loss (—) for the year.....	-151,463	10,500	20,500
Retained earnings, beginning of year.....	167,264	15,801	26,301
Retained earnings, end of year.....	15,801	26,301	46,801

Financial Condition

Assets:			
Cash with Treasury.....	\$304,059	\$286,224	\$286,224
Accounts receivable.....	357,545	360,000	360,000
Advances.....	27		
Materials and supplies.....	97,952	105,787	105,787
Equipment, net.....	183,282	201,282	219,282
Total assets.....	942,865	953,293	971,293
Liabilities:			
Current.....	418,987	418,915	416,415
Government investment:			
Non-interest-bearing capital:			
Start of year.....	503,419	508,077	508,077
Donated capital during the year.....	4,658		
End of year.....	508,077	508,077	508,077
Retained earnings.....	15,801	26,301	46,801
Total Government investment.....	523,878	534,378	554,878

NOTE.—Unpaid undelivered orders are as follows: June 30, 1957, \$54,127; 1958, \$118,029; 1959, \$100,000; and 1960, \$100,000.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	339	342	342
Full-time equivalent of all other positions.....	53	53	53
Average number of all employees.....	382	383	381
Number of employees at end of year.....	439	442	442
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	7.5 \$5,976
Average salary of ungraded positions.....	\$3,796	\$3,842	\$3,841
01 Personal services:			
Permanent positions.....	\$1,430,455	\$1,521,500	\$1,514,500
Positions other than permanent.....	233,959	235,000	235,000
Other personal services.....	51,076	55,000	62,000
Excess of annual leave earned over leave taken.....	19,497		
Total personal services.....	1,734,987	1,811,500	1,811,500
02 Travel.....	484	500	500
03 Transportation of things.....	6,365	6,000	6,000
04 Communication services.....	118,644	120,000	120,000
05 Rents and utility services.....	154,738	155,000	155,000
06 Printing and reproduction.....	918	2,000	2,000
07 Other contractual services.....	144,784	60,779	51,000
08 Supplies and materials.....	1,118,810	990,000	1,000,000
09 Equipment.....	62,826	50,000	50,000
11 Grants, subsidies, and contributions.....	87,835	97,500	97,500
13 Refunds, awards, and indemnities.....	1,600		
15 Taxes and assessments.....	6,432	6,500	6,500
Total obligations.....	3,438,423	3,299,779	3,300,000

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Research.....	\$908,417	\$949,500	\$949,500
2. Plant and animal disease and pest control.....	708,733	706,700	376,700
3. Meat inspection.....	6,149,084	6,821,000	6,821,000
4. Miscellaneous services to other accounts.....	156,845	147,400	147,400
Total obligations.....	7,923,079	8,624,900	8,294,900
Financing:			
Advances and reimbursements from—			
Other accounts.....	2,620,729	2,699,704	2,369,704
Non-Federal sources.....	5,302,350	5,925,196	5,925,196
Total financing.....	7,923,079	8,624,900	8,294,900

NOTE.—Reimbursements from non-Federal sources above are from proceeds of sales of charts (7 U. S. C. 1387) and personal property (40 U. S. C. 431 (c)), from payments by non-Federal agencies for overtime work and travel performed at meat-packing establishments and veterinary biological establishments and for animal and plant quarantine inspection (5 U. S. C. 576; 7 U. S. C. 394, 396), from cooperating State, county, municipal, and private organizations for soil and water conservation work (16 U. S. C. 590a), and from refunds of terminal leave payments (5 U. S. C. 61 (b)).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	58	63	63
Full-time equivalent of all other positions.....	6	4	4
Average number of all employees.....	543	542	487
Number of employees at end of year.....	68	62	62
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	7.5 \$5,976
01 Personal services:			
Permanent positions.....	\$3,029,402	\$3,252,728	\$2,922,466
Positions other than permanent.....	28,783	18,760	18,760
Other personal services.....	4,138,261	4,627,337	4,627,599
Total personal services.....	7,196,446	7,898,825	7,568,825
02 Travel.....	58,245	57,927	57,927
03 Transportation of things.....	4,450	3,500	3,500
04 Communication services.....	10,714	11,700	11,700
05 Rents and utility services.....	21,091	20,100	20,100
06 Printing and reproduction.....	7,814	5,700	5,700
07 Other contractual services.....	66,749	53,163	53,163
Services performed by other agencies.....	39,630	28,800	28,800
08 Supplies and materials.....	237,862	252,175	252,275
09 Equipment.....	110,692	108,975	108,975
11 Grants, subsidies, and contributions.....	167,642	182,680	182,580
15 Taxes and assessments.....	1,744	1,355	1,355
Total obligations.....	7,923,079	8,624,900	8,294,900

EXTENSION SERVICE

Current authorizations:

COOPERATIVE EXTENSION WORK, PAYMENTS AND EXPENSES

Payments to States, Hawaii, [Alaska,] and Puerto Rico: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended by the Act of June 26, 1953 (7 U. S. C. 341-348), and the Act of August 11, 1955 (7 U. S. C. 347a), \$52,220,000; and payments and contracts for such work under section 204 (b)-205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1623-1624), \$1,495,000; in all, \$53,715,000: *Provided*, That funds hereby appropriated pursuant to section 3 (c) of the Act of June 26, 1953, shall not be paid to any State, Hawaii, [Alaska,] or Puerto Rico prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

Retirement costs for extension agents: For cost of employer's share of Federal retirement for cooperative extension employees, [S\$5,479,375] \$5,674,375.

Penalty mail: For costs of penalty mail for cooperative extension agents and State extension directors, [S\$1,868,480] \$2,491,307.

Federal Extension Service: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953 (7 U. S. C. 341-348), and the Act of August 11, 1955 (7 U. S. C. 347a), and extension aspects of the Agricultural Marketing Act of 1946 (7 U. S. C. 1621-1627), and to coordinate and provide program leadership for the extension work of the Department and the several States, Territories, and insular possessions, [S\$2,096,540] \$2,258,795. (39 U. S. C. 321i, 321n, 321p-q; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$63,159,395

Estimate 1960, \$64,139,477

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Payments to States, Hawaii, and Puerto Rico:			
(a) Payments for cooperative agricultural extension work under Smith-Lever Act.....	\$48,694,686	\$52,220,000	\$52,220,000
(b) Payments and contracts under the Agricultural Marketing Act.....	1,447,776	1,495,000	1,495,000
2. Retirement costs for extension agents.....	5,082,101	5,479,375	5,674,375
3. Penalty mail.....	2,164,000	1,868,480	2,491,307
4. Federal Extension Service.....	2,157,323	2,258,795	2,258,795
Total obligations.....	59,545,886	63,321,650	64,139,477
Financing:			
Unobligated balance no longer available.....	689,654		
New obligational authority.....	60,235,540	63,321,650	64,139,477
New obligational authority:			
Appropriation.....	\$60,235,540	\$63,159,395	\$64,139,477
Proposed supplemental due to pay increases.....		162,255	

The primary function of the nationwide system of cooperative extension work is out-of-school applied education in agriculture, home economics and related subjects. This educational activity takes research results, technological advancements, and situation and program facts of the Department of Agriculture, the State agricultural colleges, and experiment stations, and incorporates them into a national educational program. Its objective is to help people develop their abilities to attain greater efficiency in farming, marketing, and homemaking.

1. *Payments to States, Hawaii, and Puerto Rico.*—Funds appropriated under the Smith-Lever Act for payment to States, Hawaii, and Puerto Rico are distributed primarily on the basis of farm and rural population and to a limited degree on the basis of special problems and needs. Funds appropriated under the Agricultural Marketing Act for educational work in marketing are distributed to the States, Hawaii, and Puerto Rico on a matching basis under approved projects and on the basis of contracts. Funds are used primarily for the employment of county extension workers who work with rural families, marketing concerns, and others by providing counsel and assistance in the application of improved methods of production, marketing, and family living. They assist local leadership to determine extension programs of work. Work with youth is largely through 4-H Clubs.

The scope of extension activities is reflected in the following selected statistics:

	[In thousands]		
	1955	1956	1957
Number of families assisted in adopting improved agricultural practices.....	6,111	6,406	6,819
Number of families assisted in adopting improved homemaking practices.....	6,134	6,539	6,873
Number of 4-H Club members.....	2,156	2,164	2,201
Number of voluntary local leaders.....	1,235	1,267	1,262
Number of bulletins distributed.....	27,887	29,200	30,894

2. *Retirement costs for extension agents.*—Cooperative extension agents are joint employees of the United States Department of Agriculture and the cooperating land-grant institutions. The employer's contribution to the Federal retirement fund, to match contributions of these agents, is provided by this appropriation.

3. *Penalty mail.*—This appropriation covers the cost of penalty mailings for State extension directors and cooperative extension agents in the States. The amount proposed is required to meet the adjusted rates authorized by the Postal Rate Increase Act, 1958 (72 Stat. 138), and

will also require the submission of a supplemental appropriation for 1959 under Proposed for later transmission.

4. *Federal Extension Service.*—The Federal Extension Service provides leadership, counsel, and assistance to the States, Hawaii, and Puerto Rico in developing extension programs, improved teaching methods, efficient use of available resources, evaluation of programs, in-service training for extension personnel and providing administrative services.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	245	248	242
Full-time equivalent of all other positions.....	3	1	1
Average number of all employees.....	229	239	237
Number of employees at end of year.....	242	240	240
Average GS grade and salary.....	8.6 \$6,559	8.6 \$7,211	8.6 \$7,294
01 Personal services:			
Permanent positions.....	\$1,573,808	\$1,729,331	\$1,722,733
Positions other than permanent.....	9,213	782	782
Other personal services.....	15,312	12,787	19,385
Total personal services.....	1,598,333	1,742,900	1,742,900
02 Travel.....	230,107	218,100	218,100
03 Transportation of things.....	19,442	26,900	26,900
04 Communication services.....	26,994	26,600	26,600
Penalty mail for cooperative extension agents and State extension directors.....	2,164,000	1,868,480	2,491,307
05 Rents and utility services.....	848	1,700	1,700
06 Printing and reproduction.....	75,068	65,000	65,000
07 Other contractual services.....	258,388	222,935	111,435
Services performed by other agencies.....	35,937	27,500	27,500
08 Supplies and materials.....	18,876	13,600	13,600
09 Equipment.....	41,862	11,000	11,000
11 Grants, subsidies, and contributions.....	5,179,831	5,591,935	5,786,935
Payments to States, Hawaii, and Puerto Rico.....	49,894,516	53,503,500	53,615,000
13 Refunds, awards, and indemnities.....	975	600	600
15 Taxes and assessments.....	709	900	900
Total obligations.....	59,545,886	63,321,650	64,139,477

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriation "Mutual security," funds appropriated to the President.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Cooperation with the Bureau of Indian Affairs on extension program with Indians.....	\$32,802	\$34,290	\$34,290
2. Technical assistance to agricultural stabilization and conservation committees in Alaska.....	7,970	13,292	13,292
3. Miscellaneous services to other accounts.....	10,963		
Total obligations.....	51,735	47,582	47,582
Financing:			
Advances and reimbursements from—			
Other accounts.....	51,556	47,582	47,582
Non-Federal sources (5 U. S. C. 61 (b)).....	179		
Total financing.....	51,735	47,582	47,582

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	5	3	3
Average number of all employees.....	4	3	3
Number of employees at end of year.....	3	3	3
Average GS grade and salary.....	9.8 \$7,325	10.7 \$9,062	10.7 \$9,214
01 Personal services:			
Permanent positions.....	\$34,229	\$27,185	\$27,630
Other personal services.....	95	105	214
Total personal services.....	34,324	27,290	27,844
02 Travel.....	5,710	8,134	4,543

EXTENSION SERVICE—Continued**Intragovernmental funds—Continued****ADVANCES AND REIMBURSEMENTS—Continued****Object Classification—Continued**

	1958 actual	1959 estimate	1960 estimate
04 Communication services.....	\$249		
06 Printing and reproduction.....	61		
07 Other contractual services.....	109	\$92	\$93
Services performed by other agencies.....	915		
08 Supplies and materials.....	121		
09 Equipment.....	147		
11 Grants, subsidies, and contributions.....	10,099	15,066	15,102
Total obligations.....	51,735	47,582	47,582

Proposed for later transmission:**COOPERATIVE EXTENSION WORK, PAYMENTS AND EXPENSES****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Penalty mail (total obligations).....		\$622,827	
Financing:			
Proposed supplemental appropriation.....		622,827	

Under existing legislation, 1959.—A proposed supplemental appropriation in the amount of \$622,827 is anticipated to cover additional costs for increased postage rates pursuant to the Postal Rate Increase Act, 1958 (72 Stat. 138).

FARMER COOPERATIVE SERVICE**Current authorizations:****SALARIES AND EXPENSES**

For necessary expenses to carry out the Act of July 2, 1926 (7 U. S. C. 451-457), **[\$578,000] \$620,000.** (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Appropriated 1959, **\$578,000** Estimate 1960, **\$620,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Research and technical assistance for farmers' cooperatives (total program costs ¹).....	\$592,149	\$620,000	\$620,000
2. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—3,463	—2,574	
Total program (obligations).....	588,686	617,426	620,000
Financing:			
1959 appropriation available in 1958.....	—2,574	2,574	
Unobligated balance no longer available.....	2,388		
New obligational authority.....	588,500	620,000	620,000
New obligational authority:			
Appropriation.....	\$578,000	\$578,000	\$620,000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	10,500		
Appropriation (adjusted).....	588,500	578,000	620,000
Proposed supplemental due to pay increases.....		42,000	

¹ Includes capital outlay as follows: 1958, \$10,604; 1959, \$5,400; 1960, \$5,400.

1. The Farmer Cooperative Service provides research, advisory, and educational assistance to farmers' marketing, purchasing, and service cooperatives. Problems of organization, financing, policies, management, merchandis-

ing, costs, efficiency, and membership are involved. Much of this work is carried on in cooperation with land-grant colleges, the Extension Service, and other Federal and State agencies.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table:

	1957 actual	1958 actual	1959 estimate	1960 estimate
Selected resources at end of year:				
Equipment not placed in use.....		\$2,470		
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	\$15,334	11,851	\$11,747	\$11,747
Total selected resources at end of year.....	15,334	14,321	11,747	11,747
Selected resources at start of year (—).....		—15,334	—14,321	—11,747
Adjustment of selected resources reported at start of year.....		—2,450		
Costs financed from obligations of other years, net (—).....		—3,463	—2,574	

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	76	75	73
Average number of all employees.....	67	67	67
Number of employees at end of year.....	69	67	67
Average GS grade and salary.....	8.4 \$6,130	8.5 \$6,799	8.6 \$6,956
01 Personal services:			
Permanent positions.....	\$427,267	\$463,610	\$461,820
Other personal services.....	2,830	1,790	3,580
Total personal services.....	430,097	465,400	465,400
02 Travel.....	42,123	43,400	43,400
03 Transportation of things.....	1,375	1,300	1,300
04 Communication services.....	12,273	15,100	15,100
06 Printing and reproduction.....	44,231	40,000	40,000
07 Other contractual services.....	4,554	4,600	4,600
Services performed by other agencies.....	10,207	10,100	10,100
08 Supplies and materials.....	4,003	3,800	3,800
09 Equipment.....	10,432	5,600	5,600
11 Grants, subsidies, and contributions.....	26,492	30,200	30,200
13 Refunds, awards, and indemnities.....	242	400	400
15 Taxes and assessments.....	83	100	100
1959 program obligated in 1958.....	2,574	—2,574	
Total obligations.....	588,686	617,426	620,000

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriations "Mutual security," funds appropriated to the President.

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Research and technical assistance for farmers' cooperatives.....	\$2,776		
2. Marketing research activities (Agricultural Marketing Service).....	386,142	\$407,800	\$407,800
Total obligations.....	388,918	407,800	407,800
Financing:			
Advances and reimbursements from—			
Other accounts.....	389,789	407,800	407,800
Non-Federal sources (5 U. S. C. 61 (b)).....	37		
Unobligated balance no longer available.....	—908		
Total financing.....	388,918	407,800	407,800

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	51	50	50
Average number of all employees.....	45	45	45
Number of employees at end of year.....	47	45	45
Average GS grade and salary.....	8.2 \$5,738	8.3 \$6,512	8.3 \$6,595
01 Personal services:			
Permanent positions.....	\$282,975	\$298,049	\$296,598
Other personal services.....	1,698	1,151	2,302
Total personal services.....	284,673	299,200	299,200
02 Travel.....	30,124	30,600	30,600
03 Transportation of things.....	526	900	900

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
04 Communication services.....	\$7,948	\$10,100	\$10,100
06 Printing and reproduction.....	13,709	14,800	14,800
07 Other contractual services.....	25,580	26,000	26,000
Services performed by other agencies.....	5,866	4,000	4,000
08 Supplies and materials.....	2,518	2,500	2,500
09 Equipment.....	266	200	200
11 Grants, subsidies, and contributions.....	17,490	19,200	19,200
13 Refunds, awards, and indemnities.....	168	200	200
15 Taxes and assessments.....	50	100	100
Total obligations.....	388,918	407,800	407,800

SOIL CONSERVATION SERVICE

The Service is responsible for various soil and water conservation activities to aid farmers and ranchers in making physical adjustments in land use to conserve soil, water, and plant resources, establish a permanent and balanced agriculture, and reduce the hazards of floods and sedimentation. These activities are carried out in co-operation with Federal and State agencies and local organizations. The Service also has responsibility for administering the Great Plains conservation program and provides technical services in connection with the agricultural conservation program, the conservation reserve program, and soil and water conservation loans made by the Farmers' Home Administration.

Current authorizations:

CONSERVATION OPERATIONS

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U. S. C. 590a-590f), including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures as may be necessary to prevent floods and the silting of reservoirs); operation of conservation nurseries; classification and mapping of soils; dissemination of information; purchase and erection or alteration of permanent buildings; and operation and maintenance of aircraft; **[\$74,780,000] \$81,072,000: Provided,** That the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$2,500, except for eight buildings to be constructed or improved at a cost not to exceed \$15,000 per building and except that alterations or improvements to other existing permanent buildings costing \$2,500 or more may be made in any fiscal year in an amount not to exceed \$500 per building: *Provided further,* That no part of this appropriation shall be available for the construction of any such building on land not owned by the Government: *Provided further,* That in the State of Missouri, where the State has established a central State agency authorized to enter into agreements with the United States or any of its agencies on policies and general programs for the saving of its soil by the extension of Federal aid to any soil conservation district in such State, the agreements made by or on behalf of the United States with any such soil conservation district shall have the prior approval of such central State agency before they shall become effective as to such district: *Provided further,* That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U. S. C. 590a-590f), in demonstration projects: *Provided further,* That not to exceed \$5,000 may be used for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a): *Provided further,* That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the service. (5 U. S. C. 1331, 511-512, 565a; 7 U. S. C. 1387, 1807; 16 U. S. C. 590q-1; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$74,780,000**Estimate 1960, **\$81,072,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Assistance to soil conservation districts and other cooperators.....	\$74,726,155	\$81,108,000	\$81,072,000
2. 1959 program obligated in 1958.....	846,814	—846,814	—
Total obligations.....	75,572,969	80,261,186	81,072,000
Financing:			
1959 appropriation available in 1958.....	—846,814	846,814	—
Unobligated balance no longer available.....	318,845	—	—
New obligational authority.....	75,045,000	81,108,000	81,072,000
New obligational authority:			
Appropriation.....	\$72,545,000	\$74,780,000	\$81,072,000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	2,500,000	—	—
Appropriation (adjusted).....	75,045,000	74,780,000	81,072,000
Proposed supplemental due to pay increases.....	—	6,328,000	—

Assistance furnished soil conservation districts and other cooperators consists primarily of: (a) surveys to provide physical land facts needed for farm and ranch conservation planning and by other Federal, State, and local agencies and the public;

MAIN WORKLOAD FACTORS

[In millions of acres]

Type of survey:	Total as of June 30, 1958	1958 actual	1959 estimate	1960 estimate
Soil surveys.....	575.1	41.1	42.3	43.3
Range surveys.....	78.9	12.9	13.0	13.2

(b) technical assistance in developing and applying farm and ranch conservation plans to get the best possible use and treatment of the land consistent with the landowner's plans for his soil, labor, equipment, and financial resources;

MAIN WORKLOAD FACTORS

	1958 actual	1959 estimate	1960 estimate
Number of soil conservation districts.....	2,806	2,836	2,861
Number of soil conservation district cooperators.....	1,794,411	1,852,000	1,906,000
Soil conservation district cooperators having farm and ranch conservation plans.....	1,218,433	1,272,000	1,324,000
Number of cooperators applying conservation practices.....	787,340	800,000	850,000

(c) technical assistance in planning and installing group enterprises for erosion control and water management; (d) snow surveys to make streamflow forecasts as a basis for efficient crop management and seasonal use of water in the Western States; (e) observational field testing of promising conservation plant materials; (f) technical assistance to agricultural conservation program participants in establishing specified conservation practices; and (g) technical assistance in installing the practices for which soil and water conservation loans are made by the Farmers' Home Administration.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	13,432	13,521	13,521
Full-time equivalent of all other positions.....	624	658	485
Average number of all employees.....	11,341	11,590	11,438
Number of employees at end of year.....	14,546	14,738	14,590
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$56,237,917	\$61,965,000	\$62,300,000
Positions other than permanent.....	2,000,915	2,185,000	1,610,000
Other personal services.....	478,686	510,000	740,000
Total personal services.....	58,717,518	64,660,000	64,650,000
02 Travel.....	2,343,153	2,375,000	2,375,000
03 Transportation of things.....	387,623	395,000	395,000

SOIL CONSERVATION SERVICE—Continued

Current authorizations—Continued

CONSERVATION OPERATIONS—Continued

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
04 Communication services.....	\$833,833	\$850,000	\$850,000
05 Rents and utility services.....	1,715,308	1,740,000	1,710,000
06 Printing and reproduction.....	437,233	490,000	490,000
07 Other contractual services.....	887,746	890,000	900,000
Services performed by other agencies.....	92,566	110,000	110,000
08 Supplies and materials.....	3,135,929	3,130,000	3,140,000
09 Equipment.....	2,452,084	2,255,000	2,265,000
10 Lands and structures.....	14,411	1,000	---
11 Grants, subsidies, and contributions.....	3,585,771	4,077,000	4,063,000
13 Refunds, awards, and indemnities.....	89,742	95,000	95,000
15 Taxes and assessments.....	38,697	46,000	35,000
16 Investments and loans.....	10	---	---
1959 program obligated in 1958.....	846,814	-846,814	---
Subtotal.....	75,578,443	80,267,185	81,078,000
Deduct quarters and subsistence charges.....	5,474	6,000	6,000
Total obligations.....	75,572,969	80,261,185	81,072,000

WATERSHED PROTECTION

For expenses necessary to conduct surveys, investigations, and research and to carry out preventive measures, including, but not limited to, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U. S. C. 1001-1007), and the provisions of the Act of April 27, 1935 (16 U. S. C. 590a-590f), to remain available until expended, **[\$25,500,000]** \$20,000,000, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for watershed protection purposes: *Provided*, That not to exceed \$100,000 may be used for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a). (5 U. S. C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$25,500,000

Estimate 1960, \$20,000,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Investigations and planning.....	\$4,545,854	\$4,700,000	\$4,300,000
2. Installation of works of improvement.....	10,534,329	25,595,833	23,700,000
3. Loans and related expense.....	11,405	1,000,000	1,000,000
4. Surveys and investigations of water resources programs.....	762,361	1,000,000	1,000,000
Total obligations.....	15,853,949	32,295,833	30,000,000
Financing:			
Unobligated balance brought forward.....	-7,149,782	-16,795,833	-10,000,000
Unobligated balance carried forward.....	16,795,833	10,000,000	---
Appropriation (new obligational authority).....	25,500,000	25,500,000	20,000,000

The Department cooperates with the States and other agencies in planning and installing works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water. It provides loans to local organizations to help them finance their share of the cost of certain works of improvement. The Department also cooperates with other agencies in making surveys and investigations of watersheds of rivers and other waterways as the basis for the development of coordinated programs.

1. *Investigations and planning.*—Surveys are made by the Department of proposed small watershed projects and work plans are prepared in cooperation with the local sponsors. These plans outline the proposed works of

improvement and include the estimated costs, a cost-benefit analysis; cost-sharing and maintenance arrangements, a proposed schedule of operations, and other facts necessary to determine whether Federal participation in project development should be approved.

MAIN WORKLOAD FACTORS

[Cumulative]

Item	1956 actual	1957 actual	1958 actual	1959 estimate	1960 estimate
Applications for watershed projects:					
Received current year.....	194	165	175	225	225
Cumulative total.....	547	712	887	1,112	1,337
Watersheds approved for planning.....	172	268	364	454	520
Watershed work plans prepared and pending final approval.....	19	49	46	46	56
Watershed work plans:					
(a) Approved for advance engineering and technical assistance.....	13	23	53	93	113
(b) Approved for construction of structural measures.....	---	19	45	100	132
(c) Planned treatment installed.....	---	---	2	7	15
Planning suspended.....	10	39	71	81	87
Planning in process.....	130	138	147	127	117
Balance:					
To be planned.....	175	164	223	343	487
Not now suitable for development of plans.....	200	280	300	315	330

2. *Installation of works of improvement.*—Assistance is provided to local organizations to install improvement measures for flood prevention and water management in accordance with approved watershed work plans.

Public Law 566 watersheds.—After local sponsoring organizations have developed watershed work plans with the Department's assistance and the projects have been approved as suitable for Federal participation (projects involving an estimated Federal contribution in excess of \$250,000, or any single structure having a capacity in excess of 2,500 acre-feet require congressional approval), technical services and cost-sharing assistance are provided for specified works of improvement. Detailed construction plans and specifications are prepared. On other than Federal lands the local sponsoring organizations contract for the construction work; provide land easements and rights-of-way; operate and maintain the projects; and in the case of multiple-purpose structures bear a share of the construction costs. The initiation of installation of works of improvement in new projects requires administrative approval in two stages: (1) approval for advance engineering and other technical assistance only and (2) approval for construction of structural measures.

The advance engineering and technical assistance stage includes surveys, investigations, and preparation of detailed designs, specifications, and engineering cost estimates for construction of structural works. It also includes precise delineation of required easement areas. Technical and other assistance for planning and applying land treatment measures for watershed protection and flood prevention is provided in some cases.

The project-construction stage begins with the execution of the first project agreement for construction of works of improvement, after required easements are obtained or are assured and the local organization has met all other requirements. Under a project agreement the local sponsoring organization agrees to construct a segment of the project which may consist of an individual or an interrelated group of structures. The agreement obligates the Government to furnish its share of the construction cost. Funds are advanced to the local organization as segments of work are completed. Engineering and other services are provided for the preparation of contracts and specifications, awarding of contracts, and supervision and inspection of construction. Technical assistance with land treatment measures is continued.

The following table shows the status of Public Law 566 projects with respect to approvals for advance technical assistance and construction:

[Dollars in thousands]

Explanation	1958 actual		1959 estimate		1960 estimate	
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount
Projects approved for advance engineering and technical assistance (number and estimated cost of completion, unless otherwise indicated):						
Projects underway at beginning of year.....	23	\$10,289	53	\$27,095	93	\$67,637
Projects initiated during the year.....	58	28,564	100	92,867	60	34,800
Subtotal.....	81	38,853	153	119,962	153	102,437
Deduct projects approved for construction during the year.....	28	11,053	60	50,925	40	32,750
Net projects approved.....	53	27,800	93	69,037	113	69,687
Deduct amounts obligated during the year for advance engineering and technical assistance.....	--	705	--	1,400	--	1,700
Total, projects receiving only advance engineering and technical assistance at end of year.....	53	27,095	93	67,637	113	67,987
Projects approved for construction (number and estimated cost of completion, unless otherwise indicated):						
Projects underway at beginning of year.....	19	7,885	45	13,419	100	46,544
Projects initiated during the year.....	28	11,053	60	50,925	40	32,750
Total, projects under construction during year.....	47	18,938	105	64,344	140	79,294
Deduct amounts obligated during year for works of improvement on:						
(a) Projects approved for construction during the year.....	---	3,527	---	9,900	---	3,200
(b) Projects completed during the year.....	2	147	5	168	8	160
(c) Continuing prior year projects.....	---	1,845	---	7,732	---	14,140
Total, projects under construction at end of year.....	45	13,419	100	46,544	132	61,794
Grand total: Projects in progress at end of year.....	98	40,514	193	114,181	245	129,781

The 1959 budget (as amended by H. Doc. 351, 85th Cong.) contemplated approval of about 100 new projects during 1959. Current estimates are that only 60 projects will be ready for construction in 1959. Unobligated balances will be available to begin construction in 1960 of the 40 projects delayed from 1959. No funds are recommended for starting additional projects in 1960.

Pilot demonstration watersheds.—The following table shows the status of the pilot watershed projects which were initiated in 1954 to demonstrate and evaluate the effects of works of improvement installed in small watersheds for watershed protection and flood prevention. The budget estimate reflects reductions due to completion of some pilot projects.

[Dollars in thousands]

Explanation	1958 actual		1959 estimate		1960 estimate	
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount
Active projects at beginning of year and estimated completion cost.....	54	\$19,560	32	\$15,152	21	\$8,756
Deduct discontinued projects and estimated completion cost.....	1	211	--	---	--	---
Subtotal.....	53	19,349	32	15,152	21	8,756
Deduct amounts obligated during the year for:						
(a) Projects completed during the year.....	21	614	11	1,309	9	1,450
(b) Other projects.....	--	3,583	--	5,087	--	3,050
Subtotal.....	21	4,197	11	6,396	9	4,500
Total, projects in progress at end of year and estimated completion cost.....	32	15,152	21	8,756	12	4,256

3. *Loans and related expenses.*—Loans are made to local organizations to finance the local share of the cost of works of improvement installed in the small watersheds. Repayment with interest is required within 50 years after the principal benefits of improvements first become available.

4. *Surveys and investigations of water resources programs.*—Current work includes participation with the Corps of Engineers in the Potomac River Basin, the Mississippi River area, the Delaware River area, and the Cape Fear watershed in North Carolina, and with the Department of the Interior in reappraising agricultural benefits anticipated from the upper Colorado River storage project. A survey is also being made of part of the Kansas River area in cooperation with the Kansas State water board and of the Yazoo-Mississippi flood plain area with the Mississippi State board of water commissioners.

Object Classification

	1958 actual	1959 estimate	1960 estimate
SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	1,085	1,280	1,350
Full-time equivalent of all other positions.....	123	138	145
Average number of all employees.....	1,166	1,244	1,286
Number of employees at end of year.....	1,320	1,406	1,490
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$5,866,927	\$6,590,000	\$6,870,000
Positions other than permanent.....	386,413	455,000	480,000
Other personal services.....	95,346	105,000	125,000
Total personal services.....	6,348,686	7,150,000	7,475,000
02 Travel.....	629,046	680,000	685,000
03 Transportation of things.....	46,061	55,000	60,000
04 Communication services.....	78,480	90,000	90,000
05 Rents and utility services.....	108,385	115,000	115,000
06 Printing and reproduction.....	96,298	110,000	110,000
07 Other contractual services.....	2,243,040	6,500,000	4,600,000
Services performed by other agencies.....	156,114	325,000	325,000
08 Supplies and materials.....	303,742	335,000	350,000
09 Equipment.....	462,976	550,000	575,000
11 Grants, subsidies, and contributions.....	4,224,725	14,039,551	13,406,773
13 Refunds, awards, and indemnities.....	7,147	9,000	9,000
15 Taxes and assessments.....	8,663	10,000	11,000
Total, Soil Conservation Service.....	14,713,363	29,968,551	27,811,773
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	84	81	84
Full-time equivalent of all other positions.....	30	37	37
Average number of all employees.....	114	116	119
Number of employees at end of year.....	104	111	114
Average GS grade and salary.....	6.9 \$5,196	7.1 \$5,840	7.1 \$5,800
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$493,549	\$503,567	\$521,075
Positions other than permanent.....	135,532	165,510	164,266
Other personal services.....	2,957	3,331	5,561
Total personal services.....	632,038	672,408	690,902
02 Travel.....	65,500	101,345	98,934
03 Transportation of things.....	4,793	5,300	5,300
04 Communication services.....	7,153	7,600	7,600
05 Rents and utility services.....	6,020	6,000	6,000
06 Printing and reproduction.....	715	850	850
07 Other contractual services.....	132,672	134,557	120,910
Services performed by other agencies.....	54,132	63,959	63,717
08 Supplies and materials.....	71,336	66,418	57,969
09 Equipment.....	26,405	26,700	26,700
10 Lands and structures.....	5,657	6,000	6,000
11 Grants, subsidies, and contributions.....	132,383	259,770	151,970
15 Taxes and assessments.....	3,298	2,900	2,900
16 Investments and loans.....		975,000	950,000
Subtotal.....	1,142,102	2,328,807	2,189,752
Deduct quarters and subsistence charges.....	1,516	1,525	1,525
Total, allotment accounts.....	1,140,586	2,327,282	2,188,227
Total obligations.....	15,853,949	32,295,833	30,000,000
Obligations are distributed as follows:			
Soil Conservation Service.....	\$14,713,363	\$29,968,551	\$27,811,773
Forest Service.....	759,030	914,404	805,000
Agricultural Research Service.....	245,299	301,600	294,600
Farmers' Home Administration.....	11,405	1,000,000	1,000,000
Department of the Interior.....	124,852	111,278	88,627

SOIL CONSERVATION SERVICE—Continued

Current authorizations—Continued

FLOOD PREVENTION

For expenses necessary, in accordance with the Flood Control Act, approved June 22, 1936 (33 U. S. C. 701-709), as amended and supplemented, and in accordance with the provisions of laws relating to the activities of the Department, to perform works of improvement, including not to exceed \$100,000 for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), to remain available until expended, **[\$18,000,000,] \$15,000,000**, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for flood prevention purposes: *Provided*, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated. (5 U. S. C. 511-512; *Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Appropriated 1959, **\$18,000,000** Estimate 1960, **\$15,000,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Works of improvement (total obligations).....	\$13,426,335	\$19,376,362	\$15,000,000
Financing:			
Unobligated balance brought forward.....	-1,582,697	-1,376,362	-----
Unobligated balance carried forward.....	1,376,362	-----	-----
Appropriation (new obligational authority).....	13,220,000	18,000,000	15,000,000

The Department cooperates with soil conservation districts and other local organizations in planning and installing works of improvement in the various subwatersheds of the 11 watersheds authorized by the Flood Control Act of 1944. Measures primarily for flood prevention such as floodwater retarding and sediment control structures, debris barriers and basins, deflectors, diversion ditches and dikes, stream bank protection, and other improvements are being installed on a cost-sharing basis. On non-Federal lands, local organizations provide lands, easements, and rights-of-way; operate and maintain the projects; and, in some cases, bear a share of construction costs. Work is generally done by local contractors. Land-treatment measures which contribute to flood prevention are installed by landowners with technical and other assistance furnished by the Department.

Object Classification

	1958 actual	1959 estimate	1960 estimate
SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	770	847	847
Full-time equivalent of all other positions.....	150	151	151
Average number of all employees.....	821	937	918
Number of employees at end of year.....	978	1,077	1,075
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$3,288,702	\$4,053,000	\$3,960,000
Positions other than permanent.....	430,721	475,000	475,000
Other personal services.....	78,104	102,000	115,000
Total personal services.....	3,803,527	4,630,000	4,550,000
02 Travel.....	175,510	195,000	190,000
03 Transportation of things.....	23,104	20,000	20,000
04 Communication services.....	48,498	50,000	50,000
05 Rents and utility services.....	65,781	70,000	70,000
06 Printing and reproduction.....	28,319	34,000	32,000
07 Other contractual services.....	5,701,585	11,012,518	7,192,000
Services performed by other agencies.....	135,352	131,000	125,000
08 Supplies and materials.....	532,026	600,000	600,000
09 Equipment.....	405,996	150,000	150,000
11 Grants, subsidies, and contributions.....	625,445	264,900	260,500
13 Refunds, awards, and indemnities.....	3,019	30,000	15,000
15 Taxes and assessments.....	9,189	10,300	10,500
Total, Soil Conservation Service.....	11,557,491	17,203,718	13,265,000

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
ALLOTMENT TO FOREST SERVICE			
Total number of permanent positions.....	115	136	134
Full-time equivalent of all other positions.....	173	195	174
Average number of all employees.....	268	305	282
Number of employees at end of year.....	202	225	208
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,569
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$451,861	\$550,774	\$539,140
Positions other than permanent.....	466,303	572,039	476,090
Other personal services.....	11,707	11,192	11,192
Total personal services.....	929,871	1,134,005	1,026,422
02 Travel.....	20,430	24,200	20,200
03 Transportation of things.....	4,201	6,100	5,000
04 Communication services.....	10,176	11,300	10,000
05 Rents and utility services.....	13,852	16,850	16,850
06 Printing and reproduction.....	118	25	25
07 Other contractual services.....	322,783	345,300	229,801
Services performed by other agencies.....	328,703	337,900	204,400
08 Supplies and materials.....	155,854	181,764	133,702
09 Equipment.....	38,249	41,000	30,000
11 Grants, subsidies, and contributions.....	57,044	86,400	70,600
15 Taxes and assessments.....	15,838	18,300	16,300
Subtotal.....	1,897,119	2,203,144	1,763,300
Deduct quarters and subsistence charges.....	-28,275	-30,500	-28,300
Total, Forest Service.....	1,868,844	2,172,644	1,735,000
Total obligations.....	13,426,335	19,376,362	15,000,000

WATER CONSERVATION AND UTILIZATION PROJECTS

For expenses necessary to carry out the functions of the Department under the Acts of August 11, 1939, and October 14, 1940 (16 U. S. C. 590y-z-10), as amended and supplemented, June 28, 1949 (63 Stat. 277), and September 6, 1950 (7 U. S. C. 1033-39), relating to water conservation and utilization projects, to remain available until expended, **[\$335,000] \$75,000**, which sum shall be merged with the unexpended balances of funds heretofore appropriated to said Department for the purpose of said Acts. (5 U. S. C. 511-512; *Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Appropriated 1959, **\$335,000**

Estimate 1960, **\$75,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Development of land for irrigation (total obligations).....	\$348,620	\$352,185	\$75,000
Financing:			
Unobligated balance brought forward.....	-15,805	-17,185	-----
Unobligated balance carried forward.....	17,185	-----	-----
Appropriation (new obligational authority).....	350,000	335,000	75,000

The Service is developing efficient irrigation farming units for sale on the Eden Valley project in Wyoming where the Bureau of Reclamation has constructed the water-storage facility and is constructing principal canals. Land classification and topographic surveys are made, and project lands are subdivided into farm units of economic size. The land is cleared and leveled, and farm ditches, drains, and other water-control structures are built. Pending sale to qualified farm families, the developed farm units are planted to cover crops to prevent wind erosion. Technical guidance on irrigation and conservation is being furnished to farm operators.

The Eden Valley project is the only remaining active project. The first sale of newly developed irrigated farms on this project was made in December 1956. Completion of the project and sale of the remaining farm units is scheduled by 1962.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	22	21	8
Full-time equivalent of all other positions.....	23	21	5
Average number of all employees.....	46	41	12
Number of employees at end of year.....	62	46	15
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$117,517	\$106,149	\$34,800
Positions other than permanent.....	99,385	88,940	21,200
Other personal services.....	30,441	26,236	4,000
Total personal services.....	247,343	221,325	60,000
02 Travel.....	1,711	2,400	1,000
03 Transportation of things.....	999	700	300
04 Communication services.....	1,802	2,600	700
05 Rents and utility services.....	3,406	4,000	1,000
06 Printing and reproduction.....	985	1,000	200
07 Other contractual services.....	3,383	1,500	500
08 Supplies and materials.....	82,370	112,569	9,600
09 Equipment.....	1,507	600	
11 Grants, subsidies, and contributions.....	6,802	6,500	2,200
15 Taxes and assessments.....	2,874	2,060	500
Subtotal.....	353,182	355,254	76,000
Deduct quarters and subsistence charges.....	4,562	3,069	1,000
Total obligations.....	348,620	352,185	75,000

GREAT PLAINS CONSERVATION PROGRAM

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16 (b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956 (16 U. S. C. 590p), **[\$10,000,000]** **\$12,500,000**, to remain available until expended. (5 U. S. C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$10,000,000**Estimate 1960, **\$12,500,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Great Plains conservation program			
(total obligations).....	\$5,636,148	\$14,363,852	\$12,500,000
Financing:			
Unobligated balance brought forward.....		-4,363,852	
Unobligated balance carried forward.....	4,363,852		
Appropriation (new obligational authority).....	10,000,000	10,000,000	12,500,000

Cost-sharing contracts and technical assistance are offered by the Department to aid farmers and ranchers to develop and carry out long-range conservation plans designed to minimize climatic hazards and protect their lands from erosion and deterioration by natural causes. This is a voluntary program which supplements other conservation programs and activities in designated wind erosion counties of the 10 Great Plains States. Cost-sharing contracts extend from 3 to 10 years and include a plan of operations for the farm or ranch and a time schedule for installing eligible conservation practices. All contracts must terminate by December 31, 1971. The maximum cost-share rate offered in any contract does not exceed 80% of the average cost of installing each eligible practice. A limitation of \$2,500 for cost-shares for improving dams or ponds or for other irrigation practices is the only limitation on the cost-share amount an individual may earn. The law provides that total cost shares paid shall not exceed \$25 million for any one program year or \$150 million for the total program.

The producer who signs a Great Plains program contract is responsible for accomplishing his plan of operations as scheduled, and is encouraged to use all available sources of assistance under other local, State, or Federal programs that contribute to achieving conservation land treatment and economic stability of the farm or ranch unit.

The 1960 estimate includes \$10,400,000 for cost-sharing assistance to producers and \$2,100,000 for technical assistance and administrative costs of the program.

Object Classification

	1958 actual	1959 estimate	1960 estimate
SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	109	141	141
Full-time equivalent of all other positions.....	9	23	25
Average number of all employees.....	163	245	247
Number of employees at end of year.....	141	173	175
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$859,698	\$1,276,982	\$1,280,000
Positions other than permanent.....	27,958	77,334	85,000
Other personal services.....	3,964	5,684	10,000
Total personal services.....	891,620	1,360,000	1,375,000
02 Travel.....	49,288	80,000	82,000
03 Transportation of things.....	5,655	10,000	10,000
04 Communication services.....	8,571	15,000	15,000
05 Rents and utility services.....	5,132	10,000	10,000
06 Printing and reproduction.....	23,521	39,000	39,000
07 Other contractual services.....	42,570	95,723	96,076
Services performed by other agencies.....	28,950	64,000	64,000
08 Supplies and materials.....	20,813	36,000	36,000
09 Equipment.....	83,358	88,000	60,400
11 Grants, subsidies, and contributions.....	56,294	83,000	83,000
Cost-sharing assistance.....	4,293,904	12,263,852	10,400,000
13 Refunds, awards, and indemnities.....	215	100	200
15 Taxes and assessments.....	470	1,750	1,800
Total, Soil Conservation Service.....	5,510,361	14,146,425	12,272,476
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	8	9	9
Average number of all employees.....	5	8	8
Number of employees at end of year.....	5	10	10
Average GS grade and salary.....	7.2 \$5,477	7.4 \$6,202	7.4 \$6,228
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$27,989	\$53,944	\$54,327
Positions other than permanent.....	3,135	1,242	1,242
Other personal services.....	39	212	423
Total personal services.....	31,163	55,398	55,992
02 Travel.....	2,577	4,869	4,800
03 Transportation of things.....	434	1,900	1,900
04 Communication services.....	1,652	680	680
05 Rents and utility services.....	25		
06 Printing and reproduction.....	1,454	865	765
07 Other contractual services.....	74,223	143,960	154,910
Services performed by other agencies.....	5,045	2,355	2,018
08 Supplies and materials.....	1,850	2,175	2,091
09 Equipment.....	6,044	1,692	800
11 Grants, subsidies, and contributions.....	1,019	3,508	3,543
15 Taxes and assessments.....	301	25	25
Total, allotment accounts.....	125,787	217,427	227,524
Total obligations.....	5,636,148	14,363,852	12,500,000
Obligations are distributed as follows:			
Soil Conservation Service.....	\$5,510,361	\$14,146,425	\$12,272,476
Forest Service.....	29,756	32,903	32,000
Office of Information.....	16,674	20,600	20,600
Agricultural Conservation Program			
Service.....	6,831	21,424	21,424
Commodity Stabilization Service.....	72,526	142,500	153,500

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations, as follows:

"Conservation reserve," soil bank programs.
 "Mutual security," funds appropriated to the President.
 "Plant acquisition and construction," Atomic Energy Commission.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Charges for leave and mileage costs.....	\$1,126,114		
2. Sale of maps and mosaics.....	255,509	\$300,000	\$300,000
3. Sale of personal property.....	541,287	269,000	265,000
4. Technical services to agricultural conservation program participants.....		4,475,000	7,900,000
5. Miscellaneous services to other accounts.....	938,074	1,531,000	1,185,000
Total obligations.....	2,860,984	6,575,000	9,650,000

SOIL CONSERVATION SERVICE—Continued

Intragovernmental funds—Continued

ADVANCES AND REIMBURSEMENTS—Continued

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing:			
Advances and reimbursements from—			
Other accounts.....	\$2,104,001	\$6,090,000	\$9,150,000
Non-Federal sources.....	756,983	485,000	500,000
Total financing.....	2,860,984	6,575,000	9,650,000

NOTE.—Reimbursements from non-Federal sources above are from State, county, municipal, and private organizations for soil and water conservation work rendered under cooperative agreements (5 U. S. C. 118; 16 U. S. C. 590a-590f); from Government agencies, farmers, or other persons for reproduction of aerial and other photographs, mosaics, and soil and land-use and other maps (7 U. S. C. 1387); and from proceeds of sale of personal property (40 U. S. C. 481 (c)).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	12	165	165
Full-time equivalent of all other positions.....	15	285	490
Average number of all employees.....	160	1,022	1,645
Number of employees at end of year.....	12	862	866
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$761,255	\$3,712,975	\$5,809,000
Positions other than permanent.....	48,903	965,639	1,661,000
Other personal services.....	48,891	54,986	78,000
Total personal services.....	859,049	4,733,600	7,548,000
02 Travel.....	43,504	82,000	104,500
03 Transportation of things.....	7,894	6,500	6,000
04 Communication services.....	4,004	6,400	6,500
05 Rents and utility services.....	73,246	77,000	77,100
06 Printing and reproduction.....	12,024	13,000	13,000
07 Other contractual services.....	880,584	725,000	887,500
08 Supplies and materials.....	387,210	395,000	295,000
09 Equipment.....	563,897	265,000	197,000
11 Grants, subsidies, and contributions.....	28,217	240,000	376,900
13 Refunds, awards, and indemnities.....	300	7,000	97,500
15 Taxes and assessments.....	1,055	24,500	41,000
Total obligations.....	2,860,984	6,575,000	9,650,000

AGRICULTURAL CONSERVATION PROGRAM
SERVICE

Current authorizations:

AGRICULTURAL CONSERVATION PROGRAM

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16 (a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U. S. C. 590g-590 (o), 590p (a), and 590q), including not to exceed \$6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; [\$235,000,000] \$241,500,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building and soil- and water-conserving practices authorized under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, [1958] 1959, carried out during the period July 1, [1957] 1958, to December 31, [1958] 1959, inclusive: *Provided*, That not to exceed [\$24,698,000] \$26,832,950 of the total sum provided under this head shall be available during the current fiscal year for administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more than [\$5,025,800] \$5,424,200 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": *Provided further*, That none of the funds herein appropriated shall be used to pay the salaries or expenses of any regional information employees or any State information employees, but this shall not preclude the answering of inquiries or supplying of information at the county level to individual farmers: *Provided further*, That such amounts shall be available for administrative expenses in connection with the formulation and administration of the [1959] 1960 program of soil-building and soil- and water-conserving practices, under the Act

of February 29, 1936, as amended (amounting to [\$250,000,000] \$100,000,000, including administration, and no participant shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): *Provided further*, That no change shall be made in such 1959 program which will have the effect, in any county, of restricting eligibility requirements or cost-sharing on practices included in either the 1957 or the 1958 programs, unless such change shall have been recommended by the county committee and approved by the State committee: *Provided further*, That not to exceed 5 per centum of the allocation for the [1959] 1960 agricultural conservation program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: *Provided further*, That for the [1959] 1960 program \$2,500,000 shall be available for technical assistance in formulating and carrying out agricultural conservation practices and \$1,000,000 shall be available for conservation practices related directly to flood prevention work in approved watersheds: *Provided further*, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein: *Provided further*, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18, United States Code, section 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels. (72 Stat. 414; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$235,000,000

Estimate 1960, \$241,500,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Direct obligations:			
1. Cost-sharing assistance to farmers.....	\$210,998,381	\$212,500,000	\$212,500,000
2. Repayment of loans from Commodity Credit Corporation.....	1,015,939	22,501,619	29,000,000
Total direct obligations.....	212,014,320	235,001,619	241,500,000
Obligations from amounts advanced by Commodity Credit Corporation:			
Cost-sharing assistance to farmers.....	37,700,000	37,500,000	9,500,000
Reimbursable obligations: Cost-sharing assistance to farmers.....	444,000	444,000	444,000
Total obligations.....	250,158,320	272,945,619	251,444,000
Financing:			
Unobligated balance brought forward.....	-15,939	-1,619	-----
Advances and reimbursements from—			
Commodity Credit Corporation (loan).....	-37,700,000	-37,500,000	-9,500,000
Other accounts.....	-115,000	-100,000	-100,000
Non-Federal sources.....	-329,000	-344,000	-344,000
Unobligated balance carried forward.....	1,619	-----	-----
Appropriation (new obligational authority).....	212,000,000	235,000,000	241,500,000

NOTE.—Reimbursements from non-Federal sources above are from proceeds of sale of aerial photographs (7 U. S. C. 1387).

The program is designed to encourage conservation by sharing with farmers and ranchers the cost of carrying out approved soil-building and soil- and water-conserving practices which farmers generally would not perform to the needed extent with their own resources. The rate of

cost-sharing, which may be given in the form of conservation materials and services or a payment after completion of the practice, averages approximately 50% of the cost.

Conservation measures for which cost-sharing is offered include those which are primarily for (1) establishment of permanent protective cover, (2) improvement and protection of established vegetative cover, (3) conservation and disposal of water, (4) establishment of temporary vegetative cover, and (5) temporary protection of soil from wind and water erosion.

Under the 1957 program, new or additional practices were established on 1,161,000 farms and ranches, consisting of 36% of the cropland and 34% of all farmland in the United States. The following practices were installed under the 1957 program:

Dams and reservoirs.....	number.....	70,000
Drainage.....	acre.....	1,071,900
Levelling land to conserve irrigation water and control erosion.....	acre.....	324,000
Standard terraces.....	acre.....	857,000
Diversion and spreader terraces.....	mile.....	5,378
Stripcropping.....	acre.....	732,000
Control of competitive shrubs on range or pasture.....	acre.....	1,239,000
Tree planting.....	acre.....	283,000
Liming materials applied.....	ton.....	15,920,000
Permanent sod waterways.....	acre.....	44,788
Timber stand improvement.....	acre.....	228,000
All vegetative cover.....	acre.....	13,955,000

Funds are distributed among the States on the basis of conservation needs. They are, in turn, distributed by the agricultural stabilization and conservation State committees to counties, and the agricultural stabilization and conservation county committees make commitments of conservation practice cost-sharing to eligible farmers and ranchers.

Loans from Commodity Credit Corporation are used to make advance payments to vendors for conservation materials and services furnished to farmers and ranchers prior to the time funds are appropriated each year. Repayment is made from balances of prior appropriations or from new funds appropriated.

The status of the loan account is:

AMOUNTS REPAID OR ESTIMATED TO BE REPAID ON COMMODITY CREDIT CORPORATION LOANS

	1958 actual	1959 estimate	1960 estimate	Total
Balance of 1957 loan.....	\$1,000,000			\$1,000,000
1958 loan.....	15,200,000	\$22,500,000		37,700,000
1959 loan.....			\$37,500,000	37,500,000
Total.....	16,200,000	22,500,000	37,500,000	76,200,000
Interest.....	3,316	63,091	109,886	176,293

A program level of \$100 million for the 1960 crop year is proposed, a reduction of \$150 million below the 1959 program. Payments for the 1960 program will be made from the 1961 appropriations.

Object Classification

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL CONSERVATION PROGRAM SERVICE			
Total number of permanent positions.....	62	70	70
Full-time equivalent of all other positions.....	1	1	1
Average number of all employees.....	58	65	65
Number of employees at end of year.....	67	71	71
Average GS grade and salary.....	8.1 \$6,249	8.2 \$6,942	8.2 \$6,955
Direct obligations:			
01 Personal services:			
Permanent positions.....	\$387,532	\$454,262	\$456,509
Positions other than permanent.....	2,590	2,860	2,860
Other personal services.....	1,548	1,764	3,512
Total personal services.....	391,670	458,886	462,881
02 Travel.....	28,911	43,510	40,455
03 Transportation of things.....	888	1,200	1,000
04 Communication services.....	7,272	6,900	6,900
06 Printing and reproduction.....	9,133	8,000	8,000
07 Other contractual services:			
Advanced to "Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U. S. C. 1392).....	21,520	23,655	23,655
Services performed by other agencies.....	8,826	4,441	4,441

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL CONSERVATION PROGRAM SERVICE—continued			
Direct obligations—Continued			
08 Supplies and materials.....	\$5,692	\$3,000	\$3,000
09 Equipment.....	11,418	2,000	1,000
11 Grants, subsidies, and contributions.....	23,902	29,833	30,093
Cost-sharing assistance.....	186,286,426	208,625,694	213,584,075
13 Refunds, awards, and indemnities.....	1,025		
15 Taxes and assessments.....	151	200	200
Total direct obligations.....	186,796,834	209,207,319	214,165,700
Reimbursable obligations:			
11 Grants, subsidies, and contributions.....	38,144,000	37,944,000	9,944,000
Total, Agricultural Conservation Program Service.....	224,940,834	247,151,319	224,109,700
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	116	123	131
Full-time equivalent of all other positions.....	5	3	3
Average number of all employees.....	112	121	121
Number of employees at end of year.....	128	134	134
Average GS grade and salary.....	6.0 \$4,775	6.1 \$5,346	6.1 \$5,301
01 Personal services:			
Permanent positions.....	\$492,529	\$578,300	\$581,300
Positions other than permanent.....	15,267	9,533	8,834
Other personal services.....	13,448	4,328	6,083
Total personal services.....	521,244	592,161	596,217
02 Travel.....	10,970	13,900	13,700
03 Transportation of things.....	15,449	13,550	13,550
04 Communication services.....	5,952	5,625	5,625
05 Rents and utility services.....	15,717	17,790	17,790
06 Printing and reproduction.....	794	1,260	1,260
07 Other contractual services.....	354,427	352,090	350,813
Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U. S. C. 1392).....	4,503,703	4,825,084	4,825,084
"Local administration, sec. 388, Agricultural Adjustment Act of 1938" (7 U. S. C. 1388).....	19,564,385	19,755,131	21,295,131
Services performed by other agencies.....	10,703	5,175	5,175
08 Supplies and materials.....	149,818	165,880	163,550
09 Equipment.....	31,704	7,100	6,500
11 Grants, subsidies, and contributions.....	31,256	37,994	38,345
13 Refunds, awards, and indemnities.....	1,011	1,200	1,200
15 Taxes and assessment.....	353	360	360
Total, allotment accounts.....	25,217,486	25,794,300	27,334,300
Total obligations.....	250,158,320	272,945,619	251,444,000
Obligations are distributed as follows:			
Agricultural Conservation Program Service.....	\$224,940,834	\$247,151,319	\$224,109,700
Commodity Stabilization Service.....	25,090,965	25,663,190	27,203,190
Forest Service.....	126,521	131,110	131,110

【EMERGENCY CONSERVATION MEASURES】

【The unobligated balance of the amounts made available under this head in the Third Supplemental Appropriation Act, 1957, and in the Supplemental Appropriation Act, 1958, shall remain available until expended.】 (Supplemental Appropriation Act, 1959.)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Emergency cost-sharing assistance to farmers (total obligations).....	\$6,267,502	\$6,940,523	\$5,000,000
Financing:			
Unobligated balance brought forward.....	-3,069,200		-10,000,000
Recovery of prior year obligations.....	-138,825		
Unobligated balance carried forward.....		10,000,000	5,000,000
Unobligated balance no longer available.....	16,940,523		
New obligational authority.....	20,000,000	16,940,523	
New obligational authority:			
Appropriation.....	\$20,000,000		
Reappropriation.....		\$16,940,523	

Cost-sharing assistance (up to 80% of the cost of carrying out approved practices) is offered to assist and encourage farmers to rehabilitate farm lands damaged by

AGRICULTURAL CONSERVATION PROGRAM SERVICE—Continued

Current authorizations—Continued

[EMERGENCY CONSERVATION MEASURES]—Continued

natural disasters. Assistance is available only when, as a result of wind erosion, floods, hurricanes, or other natural disasters, new conservation problems have been created which (1) if not treated, will impair or endanger the land; (2) materially affect the productive capacity of the land; (3) represent damage which is unusual in character and, except for wind erosion, is not the type which would recur frequently in the same area; and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

Funds for emergency cost-sharing assistance are distributed among States on the basis of needs for restoration of damaged lands.

Object Classification

	1958 actual	1959 estimate	1960 estimate
11 Grants, subsidies, and contributions...	\$6,267,502	\$6,940,523	\$5,000,000

ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments from other accounts are included in the schedules of the parent appropriations as follows:

"Conservation reserve," soil bank programs.
"Great Plains conservation program," Soil Conservation Service.

AGRICULTURAL MARKETING SERVICE

Current authorizations:

MARKETING RESEARCH AND SERVICE

For expenses necessary to carry on research and service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U. S. C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith: *Provided*, That appropriations hereunder shall be available pursuant to 5 U. S. C. 565a for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of erecting any one building shall not exceed \$10,000, except for two buildings to be constructed or improved at a cost not to exceed \$20,000 each, and the cost of altering any one building during the fiscal year shall not exceed \$3,750 or 3 per centum of the cost of the building, whichever is greater:

Marketing research and agricultural estimates: For research and development relating to agricultural marketing and distribution, for analyses relating to farm prices, income and population, and demand for farm products, and for crop and livestock estimates, **[\$14,195,000] \$15,437,000**: *Provided*, That not less than \$350,000 of the funds contained in this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer: *Provided further*, That no part of the funds herein appropriated shall be available for any expense incident to [ascertaining, collating, or] publishing [a report stating the intention of farmers as to the acreage to be planted in cotton, or for] estimates of apple production for other than the commercial crop;

Marketing services: For services relating to agricultural marketing and distribution, for carrying out regulatory acts connected therewith, and for administration and coordination of payments to States, **[\$20,659,000] \$26,623,000**, including not to exceed \$25,000 for employment at rates not to exceed \$50 per diem, except for employment in rate cases at not to exceed \$100 per diem pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), in carrying out section 201 (a) to 201 (d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U. S. C. 1291) and section 203 (j) of the Agricultural Marketing Act of 1946. (5 U. S. C. 511-512, 541a, 556b, 563-564, 575; 7 U. S. C. 51-65, 71-87, 91-99, 181-229, 241-273, 411, 411a, 411b,

414a, 415b-415c, 423, 440, 471-476, 491-497, 499a-499s, 501-508, 511-511d, 516, 581-589, 951-957, 1551-1610; 15 U. S. C. 251-257i; 21 U. S. C. 94a, 451-469; 26 U. S. C. 4851-4854, 4861-4865, 4871-4877, 6001, 6804, 7233, 7263, 7492, 7493, 7701; 31 U. S. C. 725d; 72 Stat. 352, 476, 1749; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$34,854,000**

Estimate 1960, **\$42,060,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Direct obligations:			
1. Marketing research and agricultural estimates:			
(a) Marketing research.....	\$7,196,534	\$7,460,100	\$7,459,700
(b) Economic and statistical analysis.....	1,570,498	1,643,400	1,643,400
(c) Crop and livestock estimates.....	5,701,759	6,173,811	6,333,900
Total, marketing research and agricultural estimates.....	14,468,791	15,277,311	15,437,000
2. Marketing services:			
(a) Market news service.....	4,395,189	4,658,297	4,977,297
(b) Inspection, grading, classing, and standardization.....	9,091,659	15,209,970	18,598,003
(c) Freight rate services.....	168,357	190,990	190,990
(d) Regulatory activities.....	2,094,065	2,293,515	2,786,515
(e) Administration and coordination of State payments.....	64,886	70,195	70,195
Total, marketing services.....	15,814,156	22,422,967	26,623,000
Total direct obligations.....	30,282,947	37,700,278	42,060,000
Reimbursable obligations:			
2. Marketing services: (b) Inspection, grading, classing, and standardization.....	2,361,100	2,774,585	2,774,585
Total obligations.....	32,644,047	40,474,863	44,834,585
Financing:			
Advances and reimbursements from other accounts.....	-2,361,100	-2,774,585	-2,774,585
Unobligated balance no longer available.....	221,653	-----	-----
New obligational authority.....	30,504,600	37,700,278	42,060,000
New obligational authority:			
Appropriation.....	\$29,691,600	\$34,854,000	\$42,060,000
Transferred (72 Stat. 243) from—			
“Conservation reserve,” soil bank programs.....	771,206	-----	-----
“Reimbursement to Commodity Credit Corporation for advances for grading and classing activities”.....	11,427	-----	-----
“School lunch program”.....	35,367	-----	-----
Transferred to “Management and investigation of resources,” Bureau of Commercial Fisheries, Department of the Interior (70 Stat. 1119).....	-5,000	-----	-----
Appropriation (adjusted).....	30,504,600	34,854,000	42,060,000
Proposed supplemental due to pay increases.....	-----	2,846,278	-----

The domestic agricultural marketing and distribution functions of the Department are concentrated primarily in the Agricultural Marketing Service. The marketing job has become more complex with growth and shift in population, technological developments in production and marketing, and as more and more functions have been transferred from the farm and home to various segments of the marketing system. The work under this appropriation is aimed at aiding in the orderly and efficient marketing and effective distribution of agricultural products from the Nation's farms to the consumers. A supplemental estimate for 1959 is anticipated under Proposed for later transmission.

1. *Marketing research and agricultural estimates—(a) Marketing research.*—This work is aimed at developing practical answers to problems encountered in moving products from the farm to the consumer. In cooperation with public and private agencies and trade groups, efforts are made to expand markets, reduce losses from waste and spoilage, and reduce marketing costs through improved marketing efficiency and organization. The work includes research at each stage of marketing, such as at

assembly points, terminal or central markets, and retail markets.

In 1958, research was conducted on more than 500 projects each aimed at a specific marketing research problem. Work was completed or discontinued on 92 projects and started on 68 new projects in 1958. The findings of this research were made public primarily through about 500 marketing research reports and other printed documents. Additional dissemination of these results was obtained through press releases and over 100 articles reviewing research findings in various general and trade journals. Twenty-six new contracts were negotiated during the year, bringing to 52 the total of active contracts providing for marketing research work by private firms and other non-Federal agencies.

(b) *Economic and statistical analysis.*—This work involves the collection, analysis and interpretation of data affecting agricultural prices, farm income, supply and consumption of farm products, trends in farm population, and changes in the level of living of farm people. The results of these studies are made available through situation, outlook and research reports which serve as the basis for much of the economic work done by the Extension Service, farm organizations, businessmen, and organizations handling farm products. Farmers and others rely on information from these reports in planning the most profitable adjustments in their operations and marketing programs. Approximately 80 of the 90 outlook and situation reports published by the Department were issued under this activity. Further technical reporting of economic and statistical analysis activities was contained in about 34 reports published during 1958.

(c) *Crop and livestock estimates.*—This service provides the official estimates on agriculture, including acreage, yield, and production of crops, stocks and value of farm commodities, numbers and inventory value of livestock items, and prices paid and received by farmers. These data also are basic to computation of parity prices. Data on approximately 150 crop and livestock products are covered in more than 500 reports issued each year. The activity is conducted through 41 State and 1 Territorial offices, most of which are operated as joint State and Federal services. Cooperative arrangements permit the States to obtain a great deal of data which could not be collected or made available from Federal funds. During 1958, States expended an estimated \$1.25 million of their State funds on these cooperative programs. A comparison of activity data for 1957 and 1958, including work performed under cooperative arrangements, is as follows:

	1957 actual	1958 estimate
Separate inquiry forms mailed, total all offices.....	11,800	12,200
Questionnaires distributed.....	8,750,000	9,300,000
Questionnaires tabulated.....	2,670,000	2,850,000
Number of official reports released.....	8,290	8,600
Copies of reports distributed.....	13,000,000	13,100,000
Publications distributed:		
Federal (mainly Agricultural Situation).....	3,100,000	3,100,000
State: Statistical and other.....	350,000	360,000
Special requests for information answered.....	73,000	73,000

2. *Marketing services.*—(a) *Market news service.*—This service provided current information on supply, movement, and prices at specific markets for practically all agricultural commodities. This day-to-day market information enables American farmers to determine where and when to sell and at what price. The information is collected and disseminated at year-round and seasonal offices maintained in more than 100 cities and towns, often with financial support and cooperation of the States. Every available means of dissemination is used—mail, press, radio, television, telephone, telegraph, bulletin boards, and trade and farm publications.

The proposed increase for 1960 is to cover higher rates on leased teletype service.

MARKET NEWS SERVICE

	1956 actual	1957 actual	1958 actual
States covered by cooperative agreement.....	37	38	39
Field offices:			
Year-round.....	161	166	176
Seasonal.....	36	39	51
Buyers and sellers interviewed.....	25,985	19,608	21,734
Daily newspapers carrying reports (approximate).....	1,200	1,200	1,200
Stations broadcasting reports:			
Radio.....	1,461	1,461	1,460
Television.....	152	149	150
Mimeographed releases to growers, shippers, and others.....	32,389,827	32,244,428	28,844,077
Names on mailing list.....	297,702	303,651	302,646

(b) *Inspection, grading, classing, and standardization.*—Uniform standards of quality for agricultural products are established and applied to specific lots of produce to promote confidence between buyers and sellers; reduce hazards in marketing due to misunderstandings and disputes arising from the use of nonstandard descriptions; encourage better preparation of products for market; and furnish consumers with more definite information on the quality of products they buy. The standards are applied directly by or under the supervision of Federal employees at the request of any interested party, and generally for a fee. Approximately 79% of the total cost of the work under the project was offset by fees and other revenue in 1958, which are shown principally under "Agricultural Marketing Service trust funds" in part III of the budget.

The proposed increase for 1960 would be used to finance, on a full-year basis, the inspection service at seasonal and year-round evisceration and slaughter plants operating under the Poultry Products Inspection Act.

STANDARDIZATION ACTIVITIES

	1956 actual	1957 actual	1958 actual
Grade standards in effect.....	3,098	3,151	1,379
Number of commodities covered.....	261	268	276

¹ Reduction due to revised method of tabulating tobacco grades and types.

INSPECTION, GRADING, AND CLASSING ACTIVITIES UNDER APPROPRIATED FUNDS

	1958 actual	1959 estimate	1960 estimate
Cotton classings by Federal employees.....	number.. 19,724,155	17,500,000	17,500,000
Poultry products inspection:			
Volume inspected.....	1,000 lbs.. 115,000	2,835,000	4,000,000
Grain inspections by licensees.....	number.. 3,042,362	3,100,000	3,200,000
Volume inspected.....	1,000 bu. 5,716,975	5,800,000	5,800,000
Tobacco auction markets.....	number.. 177	177	177
Volume inspected at markets.....	million lbs.. 1,716	1,850	1,900
Sets of buyers.....	number.. 241	241	241

(c) *Freight rate services.*—Assistance is provided to farmers and others in obtaining and maintaining equitable and reasonable transportation rates and services on farm products and supplies. The Department in 1958 participated in 56 formal litigation actions before the Interstate Commerce Commission and other regulatory bodies and carried on 58 informal negotiations with carriers and groups of carriers.

(d) *Regulatory activities.*—These include the administration of regulatory laws such as packers and stockyards, standard container, United States warehouse, and Federal seed, to assure fair play in the market place and protect producers and handlers of agricultural commodities from financial loss due to deceptive, careless, or fraudulent marketing practices. The continued growth of facilities and means for storing, buying, and selling results in more demand and need for protection and benefits of regulatory laws. The increase for 1960 would be used to strengthen the overall administration of the Packers and Stockyards Act, as amended, including extension to all interstate livestock transactions, regardless of the size of the market.

AGRICULTURAL MARKETING SERVICE—Continued

Current authorizations—Continued

MARKETING RESEARCH AND SERVICE—Continued

	1958 actual	1959 estimate	1960 estimate
Packers and Stockyards Act:			
Yards eligible for posting and supervision (estimate).....	1,000	2,000	2,000
Yards posted and supervised.....	600	640	1,080
Warehouse Act:			
Number of licensed warehouses.....	1,682	1,700	1,730
Capacity of licensed warehouses:			
Grain (millions—bushels).....	846.2	875.0	900.0
Cotton (millions—bales).....	13.3	13.5	13.5
Average number of supervisory inspections per warehouse.....	1.8	1.8	1.8
Seed Act:			
Import actions.....	15,803	15,000	15,000
Interstate investigations:			
Completed.....	865	800	800
Pending.....	575	900	900
Seed samples tested.....	18,977	18,300	18,300

(e) *Administration and coordination of State payments.*—This covers the activity required in administering and coordinating the marketing service work performed by the States and financed jointly by State funds and Federal funds provided by the appropriation "Payments to States, Territories, and possessions." In 1958, this work was carried on in 43 States and Territories.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	5,388	5,938	6,437
Full-time equivalent of all other positions.....	261	340	356
Average number of all employees.....	4,104	5,092	5,859
Number of employees at end of year.....	4,491	5,246	5,600
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
Personal service obligations:			
Permanent positions.....	\$22,282,616	\$28,049,785	\$31,003,235
Positions other than permanent.....	893,334	1,268,800	1,320,565
Other personal services.....	175,784	484,300	619,900
Total personal service obligations.....	23,351,734	29,802,885	32,943,700
Direct obligations:			
01 Personal services.....	21,597,205	27,753,145	30,893,960
02 Travel.....	1,565,255	2,213,400	2,502,340
03 Transportation of things.....	232,363	336,100	385,200
04 Communication services.....	1,594,379	1,748,600	2,302,400
05 Rents and utility services.....	195,138	242,900	209,400
06 Printing and reproduction.....	535,778	581,800	581,900
07 Other contractual services.....	1,222,631	1,281,000	1,381,500
Services performed by other agencies.....	729,130	844,000	844,000
08 Supplies and materials.....	529,503	531,800	547,900
09 Equipment.....	661,510	339,800	387,000
10 Land and structures.....	67,906	20,000	12,000
11 Grants, subsidies, and contributions.....	1,294,068	1,747,333	1,940,600
13 Refunds, awards, and indemnities.....	20,821	18,400	19,800
15 Taxes and assessments.....	37,260	42,000	52,000
Total direct obligations.....	30,282,947	37,700,278	42,060,000
Reimbursable obligations:			
01 Personal services.....	1,754,529	2,049,740	2,049,740
02 Travel.....	199,458	223,000	223,000
03 Transportation of things.....	69,850	103,000	103,000
04 Communication services.....	77,244	94,000	94,000
05 Rents and utility services.....	20,022	25,000	25,000
06 Printing and reproduction.....	19,949	25,000	25,000
07 Other contractual services.....	16,712	17,700	17,700
Services performed by other agencies.....	6,024	6,000	6,000
08 Supplies and materials.....	55,014	71,245	71,245
09 Equipment.....	49,964	46,100	46,100
11 Grants, subsidies, and contributions.....	81,785	102,000	102,000
13 Refunds, awards, and indemnities.....	847	1,000	1,000
15 Taxes and assessments.....	9,702	10,800	10,800
Total reimbursable obligations.....	2,361,100	2,774,585	2,774,585
Total obligations.....	32,644,047	40,474,863	44,834,585

PAYMENTS TO STATES, TERRITORIES, AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204 (b) of the Agricultural Marketing Act of 1946 (7 U. S. C.

1623 (b)), \$1,160,000. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$1,160,000

Estimate 1960, \$1,160,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Payments for marketing service work (sec. 204 (b) of the Agricultural Marketing Act of 1946) (total obligations).....	\$1,160,000	\$1,160,000	\$1,160,000
Financing:			
Appropriation (new obligational authority).....	1,160,000	1,160,000	1,160,000

Payments are made on a matching fund basis to State and Territorial marketing agencies for carrying out specifically approved programs designed to bring about improved marketing. Under this activity, marketing specialists work with farmers, marketing firms, and agencies in solving marketing problems and in putting to use marketing research results.

This program covers such projects as methods of maintaining and improving the quality of products; ways of reducing marketing costs; expanding outlets for surplus products, and the collection and dissemination of special State and local market information and statistics. Through this cooperative approach, the Federal Government's leadership and funds are coupled with State resources and experience to aid in the solution of the most urgent local and area marketing problems.

In 1959, with 43 States and Territories conducting about 132 projects, the program is being carried on at the same level as in 1958. For 1960, the program level will be the same.

Object Classification

	1958 actual	1959 estimate	1960 estimate
11 Grants, subsidies, and contributions.....	\$1,160,000	\$1,160,000	\$1,160,000

SCHOOL LUNCH PROGRAM

For necessary expenses to carry out the provisions of the National School Lunch Act (42 U. S. C. 1751-1760), [\$110,000,000] \$100,000,000: *Provided*, That no part of this appropriation shall be used for nonfood assistance under section 5 of said Act; *Provided further*, That \$35,000,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, such additional funds to be used for the general purposes of section 32]. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$110,000,000

Estimate 1960, \$100,000,000

Appropriated (adjusted), 1959, \$145,000,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Food assistance:			
(a) Cash payments to States.....	\$83,754,171	\$93,600,000	\$83,600,000
(b) Commodity procurement.....	14,811,421	49,743,000	14,918,500
2. Operating expense.....	1,306,748	1,657,000	1,481,500
Total obligations.....	99,872,340	145,000,000	100,000,000
Financing:			
Unobligated balance no longer available.....	92,293		
New obligational authority.....	99,964,633	145,000,000	100,000,000
New obligational authority:			
Appropriation.....	\$100,000,000	\$110,000,000	\$100,000,000
Transferred from "Removal of surplus agricultural commodities" (72 Stat. 194).....		35,000,000	

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
New obligational authority—Continued Transferred to "Marketing research and service" (72 Stat. 243).....	—\$35,367		
Appropriation (adjusted).....	99,964,633	\$145,000,000	\$100,000,000

1. *Food assistance*, in the form of both funds and food, is provided to States and Territories in serving lunches to school children. Each State's portion of the funds available is determined by a statutory formula which takes into account the number of school-age children in the State and the relationship between the per capita income of the State and the average United States per capita income.

The program is operated under an agreement entered into by the State educational agency (which administers the program within the State) and the Department of Agriculture. Schools make application to the State agency and if accepted are reimbursed for a part of the food cost of each meal served.

In 1958 the States contributed to this program \$613 million, most of which came from payments by children. This was far in excess of the \$211 million necessary to meet the statutory matching requirement of \$3 for each Federal dollar of cash payment.

In addition to providing cash assistance, this appropriation is used to purchase food for distribution to the schools according to their need under section 6 of the School Lunch Act. This program also provides one of the major outlets for surplus commodities purchased under section 32 of the Agricultural Adjustment Act of 1935, as amended. Further, commodities acquired under price support programs and assistance through the special milk program are available to the schools. The volume of surplus commodities distributed to schools, however, is dependent upon market conditions and the need for the Federal Government to remove surpluses.

The program in 1958 during the peak month provided lunches to nearly 30% of the approximately 39.1 million school children in the country. The number of types A and B lunches served, which must meet established nutritional requirements, increased approximately 6% over 1957. Participation in the program in December 1957 reached 11.5 million children in 59,882 schools and an appreciable increase in number of participating children is expected in 1959 and 1960.

During 1958 about \$558 million worth of agricultural commodities were used in the program. About 14% of this amount represented commodities contributed under Federal surplus removal and price support programs.

Participation in the program from 1957 through 1960 is as follows:

	1957 actual	1958 preliminary	1959 estimate	1960 estimate
Average number of schools.....	52,322	54,634	56,000	58,000
Average number of school children millions.....	9.547	10.118	10.930	11.800
Number of meals served..... billions.....	1.777	1.889	2.100	2.250

Financing of the program in the last 3 years was as follows:

	[In millions]		
	1956	1957	1958
State and local contributions (total, including payments by children).....	\$515.0	\$573.5	\$613.0
Federal appropriation:			
(a) Cash payments.....	66.8	83.8	83.8
(b) Commodity procurement.....	14.8	14.7	14.8
Surplus commodity distribution.....	100.0	132.0	76.0
Special milk program.....	45.8	60.0	65.6
Federal contributions.....	227.4	290.5	240.2
Total, all contributions.....	742.4	864.0	853.2

2. *Operating expenses* consist of furnishing administrative and technical assistance to State agencies and participating schools; apportioning cash to States and Territories; administering directly the program for over 2,000 private schools where the State educational agency is prohibited by law from disbursing funds to such schools; procuring and distributing section 6 commodities; and formulating and administering overall policies and procedures, including audits and administrative reviews.

Object Classification

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL MARKETING SERVICE			
Total number of permanent positions.....	163	166	160
Average number of all employees.....	145	155	155
Number of employees at end of year.....	118	157	156
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
01 Personal services:			
Permanent positions.....	\$889,445	\$993,581	\$993,700
Other personal services.....	7,479	9,039	9,700
Total personal services.....	896,924	1,002,620	1,003,400
02 Travel.....	107,171	115,100	115,200
03 Transportation of things.....	2,886	2,000	2,000
04 Communication services.....	33,693	42,300	42,000
05 Rents and utility services.....	14,036	16,500	16,500
06 Printing and reproduction.....	26,354	23,900	23,900
07 Other contractual services.....	17,309	22,100	22,000
Services performed by other agencies.....	34,200	44,000	44,000
08 Supplies and materials.....	12,339	21,500	21,000
09 Equipment.....	19,188	9,600	9,500
11 Grants, subsidies, and contributions.....	51,752	58,650	58,700
Cash payments.....	83,754,171	93,600,000	83,600,000
13 Refunds, awards, and indemnities.....	1,012	900	900
15 Taxes and assessments.....	882	830	900
Total, Agricultural Marketing Service.....	84,971,917	94,960,000	84,960,000
ALLOCATION TO COMMODITY STABILIZATION SERVICE			
Total number of permanent positions.....	19	55	25
Average number of all employees.....	15	50	21
Number of employees at end of year.....	7	15	8
Average GS grade and salary.....	5.9 \$4,740	6.0 \$5,312	6.0 \$5,264
01 Personal services:			
Permanent positions.....	\$73,741	\$233,970	\$98,350
Other personal services.....	385	2,730	1,000
Total personal services.....	74,126	236,700	99,350
02 Travel.....	609	4,440	1,700
03 Transportation of things.....	250	1,750	550
04 Communication services.....	1,969	9,640	2,500
05 Rents and utility services.....	4,522	12,500	6,000
06 Printing and reproduction.....	496	3,150	1,500
07 Other contractual services.....	202	900	400
Services performed by other agencies.....	401	1,850	600
08 Supplies and materials.....	861	5,150	1,200
Grants of commodities to States.....	14,811,421	49,743,000	14,918,500
09 Equipment.....	877	3,500	1,200
11 Grants, subsidies, and contributions.....	4,592	16,800	6,200
13 Refunds, awards, and indemnities.....	78	440	200
15 Taxes and assessments.....	19	180	100
Total, Commodity Stabilization Service.....	14,900,423	50,040,000	15,040,000
Total obligations.....	99,872,340	145,000,000	100,000,000

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR
ADVANCES FOR GRADING AND CLASSING ACTIVITIES

NOTE.—This appropriation is shown under Special activities and is reflected in the schedules of the Commodity Credit Corporation fund.

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

"Commodity Credit Corporation fund."
"Mutual security," funds appropriated to the President.
"Translation of publications and scientific cooperation," funds appropriated to the President.

AGRICULTURAL MARKETING SERVICE—Continued**Permanent authorizations:****PERISHABLE AGRICULTURAL COMMODITIES ACT FUND**

(Indefinite special fund)

Appropriated (estimate) 1959, **\$675,000** Estimate 1960, **\$685,000****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Licensing dealers and handling complaints:			
Direct obligations.....	\$592,089	\$708,300	\$749,300
Reimbursable obligations.....	25,400	25,400	25,400
Total obligations.....	617,489	733,700	774,700
Financing:			
Unobligated balance brought forward.....	-311,738	-394,627	-361,327
Advanced from "Marketing research and service" (7 U. S. C. 499s).....	-25,400	-25,400	-25,400
Unobligated balance carried forward.....	394,627	361,327	297,027
Appropriation (new obligational authority).....	674,978	675,000	685,000

License fees are deposited in this special fund and are used to meet costs of administering the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts (7 U. S. C. 491-497, 499a-499s, 581-589).

These acts are aimed at assuring equitable treatment to farmers and others in the marketing of fresh and frozen fruits and vegetables. Commission merchants, dealers, and brokers handling these products in interstate and foreign commerce are licensed. Complaints of violations are investigated and violations dealt with by (1) informal settlements agreeable to both parties, (2) formal decisions involving payments of reparation awards between parties, and (3) suspension or revocation of license and/or publication of the facts. Approximately 25,050 licenses were in effect on June 30, 1958, and this is expected to increase by about 1,600 by the close of 1960. Formal complaints are expected to continue to average around 2,000 a year. Steps being taken to assist growers and shippers to correct or prevent misbranding of produce will tend to hold down the number of potential complaints. The increase in level of work in 1960 is primarily to place on a full-year basis the expansion made in 1959.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	137	127	129
Full-time equivalent of all other positions.....	2	2	2
Average number of all employees.....	93	105	113
Number of employees at end of year.....	112	125	129
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
Direct obligations:			
01 Personal services:			
Permanent positions.....	\$487,474	\$579,527	\$619,868
Positions other than permanent.....	6,329	9,265	9,265
Other personal services.....	2,326	2,298	4,867
Total personal services.....	496,129	591,090	634,000
02 Travel.....	34,297	41,300	41,300
03 Transportation of things.....	492	500	300
04 Communication services.....	16,682	17,500	17,400
05 Rents and utility services.....	4,189	4,200	4,200
06 Printing and reproduction.....	11,495	14,900	14,900
07 Other contractual services.....	9,549	10,850	10,000
Services performed by other agencies.....	345	-----	-----
08 Supplies and materials.....	6,341	8,900	8,100
09 Equipment.....	6,921	10,150	7,800
11 Grants, subsidies, and contributions.....	4,155	7,330	9,700
13 Refunds, awards, and indemnities.....	1,080	1,000	1,000
15 Taxes and assessments.....	414	550	600
Total direct obligations.....	592,089	708,300	749,300
Reimbursable obligations:			
11 Grants, subsidies, and contributions.....	25,400	25,400	25,400
Total obligations.....	617,489	733,700	774,700

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

(Indefinite)

Appropriated (est.) 1959, **\$235,936,663** Estimate 1960, **\$246,000,000**
Appropriated (adjusted) 1959, **\$196,150,248**Estimate (adjusted) 1960, **\$238,607,000****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Commodity program payments:			
(a) Direct purchases.....	\$124,471,285	\$145,506,400	\$145,506,400
(b) Diversion payments.....	2,719,691		
2. Surplus removal operating expenses.....	2,224,392	2,668,600	2,668,600
3. Marketing agreements and orders.....	1,682,040	1,825,000	1,825,000
Total obligations.....	131,097,408	150,000,000	150,000,000
Financing:			
Comparative transfers to other accounts.....	2,125,616	2,493,000	-----
Unobligated balance brought forward.....	-297,948,852	-300,000,000	-300,000,000
Recovery of prior year obligations.....	-2,632,912	-----	-----
Unobligated balance carried forward.....	300,000,000	300,000,000	300,000,000
Unobligated balance no longer available.....	53,585,747	43,657,248	88,607,000
New obligational authority.....	216,227,007	196,150,248	238,607,000
New obligational authority:			
Appropriation.....	\$220,878,158	\$235,936,663	\$246,000,000
Transferred to—			
"Promote and develop fishery products and research pertaining to American fisheries," Bureau of Commercial Fisheries, Department of the Interior (15 U. S. C. 713c-3, as amended by act of Aug. 8, 1956).....	-4,651,151	-4,786,415	-4,800,000
"School lunch program" (72 Stat. 194).....	-----	-35,000,000	-----
"Salaries and expenses," Foreign Agricultural Service.....	-----	-----	-2,593,000
Appropriation (adjusted).....	216,227,007	196,150,248	238,607,000

Under section 32 of the act of August 24, 1935 (7 U. S. C. 612e), an amount equal to 30% of customs receipts during each calendar year (except for an amount equal to 30% of such receipts collected on fishery products transferred to the Department of Interior to encourage the distribution of fishery products) and unused balances up to \$300 million are available for expanding domestic and foreign market outlets for farm commodities. These funds are also authorized for the administration of marketing agreements and orders, and the section 22 import-control programs. The basic legislation provides that funds devoted to any one commodity or product thereof must not exceed 25% of funds available. It also provides that the funds must be devoted principally to perishable agricultural commodities other than those receiving price support under title II of the Agricultural Act of 1949. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose.

1. *Commodity program payments.*—Direct purchases which are donated to the school lunch program, charitable institutions serving needy persons, and persons certified by welfare agencies as eligible for relief; diversion payments which enable processors to purchase surplus commodities on the domestic market, divert them to byproducts and new uses, and sell them at prices comparable to competing products, thus creating new markets for surplus commodities; and export payments which enable exporters to purchase surplus commodities on the domestic market and sell them on the world market at competitive world prices (no export programs were in effect in 1958). During the past 2 years assistance under these programs was given to the following commodity groups:

[In millions]			
	1957	1958	
Dairy products.....	\$54.9	\$122.6	
Eggs and poultry.....	26.3	.1	
Fruits.....	1.5	1.2	
Grain.....	12.4	-----	
Livestock products.....	33.3	-----	
Peanut butter.....	-----	.9	
Vegetables.....	7.3	2.4	
Total.....	135.7	127.2	

The use of section 32 program funds is contingent upon economic conditions. The estimates for both 1959 and 1960 reflect in total the requirements based on the situation as now foreseen. Distribution of this total in advance would be highly tentative since the type of program to be used is dependent upon a determination at the time of the kind of action which will best meet the particular need which had developed. If troublesome surpluses not now foreseen should develop, steps would be taken to use additional available funds for their removal or diversion as conditions might warrant.

2. *Surplus removal operating expenses.*—These expenses are mainly in connection with purchasing, exporting, and diverting surplus commodities and in distributing section 32 and Commodity Credit Corporation commodities to eligible outlets. Distribution in 1958 including those under section 6 of the National School Lunch Act is summarized below:

Distribution	Number of recipients (peak month)	Value of commodities distributed (millions)	Pounds of commodities distributed (millions)
By recipients:			
School children.....	13.6	\$90.8	341.1
Needy persons.....	4.7	75.9	471.5
Persons in charitable institutions.....	1.4	33.6	148.3
Foreign countries: 85.....	-----	272.5	1,973.0
Total.....	-----	472.8	2,933.9
By program:			
Sec. 32.....	128.5	322.5	322.5
Donation by Commodity Credit Corporation under sec. 416.....	329.5	2,522.0	2,522.0
Sec. 6, National School Lunch Act.....	14.8	89.4	89.4
Total.....	472.8	2,933.9	2,933.9

Supervisory assistance is furnished local and State groups to encourage the preservation of surpluses for year-round use. In cooperation with the food trade, press and radio, greater consumption of abundant foods is encouraged. In 1958, the monthly plentiful foods list contained an average of 9 foods, and 11 national and 6 area, State, and local drives were conducted.

3. *Marketing agreements and orders.*—These are put into effect upon request of producers or handlers after hearings, investigations, and approval by producers (and handlers in case of marketing agreements). They help to stabilize prices and benefit producers and consumers by establishing and maintaining orderly marketing conditions. Administration at the local level is financed by assessments upon handlers. On June 30, 1958, there were 68 orders in effect for milk and 36 covering tree fruits, tree nuts, and vegetables.

Object Classification

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL MARKETING SERVICE			
Total number of permanent positions.....	534	484	484
Full-time equivalent of all other positions.....	1	4	4
Average number of all employees.....	428	443	443
Number of employees at end of year.....	442	454	454
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
01 Personal services:			
Permanent positions.....	\$2,697,161	\$2,943,720	\$2,943,720
Positions other than permanent.....	3,617	14,748	14,748
Other personal services.....	13,362	16,332	26,332
Total personal services.....	2,714,140	2,974,800	2,984,800

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
AGRICULTURAL MARKETING SERVICE—continued			
02 Travel.....	\$236,149	\$260,000	\$260,000
03 Transportation of things.....	2,742	5,000	5,000
04 Communication services.....	74,999	89,300	89,300
05 Rents and utility services.....	27,220	35,000	35,000
06 Printing and reproduction.....	38,284	50,000	50,000
07 Other contractual services.....	55,512	81,250	71,250
Services performed by other agencies.....	6,295	-----	-----
08 Supplies and materials.....	30,937	40,000	40,000
09 Equipment.....	45,514	35,000	35,000
11 Grants, subsidies, and contributions.....	165,575	188,150	188,150
Commodity program payments.....	299,293	500,000	670,000
13 Refunds, awards, and indemnities.....	4,393	4,050	4,050
15 Taxes and assessments.....	1,443	2,050	2,050
Total, Agricultural Marketing Service.....	3,702,496	4,264,600	4,434,600
ALLOCATION TO COMMODITY STABILIZATION SERVICE			
Total number of permanent positions.....	94	111	110
Average number of all employees.....	72	100	99
Number of employees at end of year.....	72	91	91
Average GS grade and salary.....	5.9 \$4,740	6.0 \$5,312	6.0 \$5,264
01 Personal services:			
Permanent positions.....	\$368,873	\$514,695	\$514,695
Other personal services.....	8,886	10,535	12,385
Total personal services.....	377,759	525,230	527,080
02 Travel.....	9,258	13,100	13,100
03 Transportation of things.....	1,297	2,000	2,000
04 Communication services.....	11,872	16,300	16,300
05 Rents and utility services.....	20,720	41,900	41,900
06 Printing and reproduction.....	4,414	6,350	6,350
07 Other contractual services.....	3,037	5,465	4,465
Advanced to—			
“Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938” (7 U. S. C. 1392).....	28,000	32,450	32,450
“Local administration, sec. 388, Agricultural Adjustment Act of 1938” (7 U. S. C. 1388).....	15,000	40,000	40,000
08 Supplies and materials.....	3,658	4,700	4,700
Grants of commodities to States.....	124,471,285	132,506,400	134,836,400
09 Equipment.....	3,928	5,500	4,500
11 Grants, subsidies, and contributions.....	23,127	34,555	34,705
Commodity program payments.....	2,420,398	12,500,000	10,000,000
13 Refunds, awards, and indemnities.....	1,092	1,300	1,300
15 Taxes and assessments.....	67	150	150
Total, Commodity Stabilization Service.....	127,394,912	145,735,400	145,565,400
Total obligations.....	131,097,408	150,000,000	150,000,000

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Research to extend storage life of fresh fruits and vegetables (Department of Defense).....	\$20,170	-----	-----
2. Statistical and tabulating services:			
Department of Agriculture.....	60,801	\$84,200	\$84,200
Other Federal agencies.....	1,098	3,300	3,300
3. Market news service:			
Department of Agriculture.....	666	665	665
State agencies under cooperative agreement.....	210,714	190,330	190,330
4. Inspection, grading, classing, and standardization:			
Department of Agriculture.....	32,116	56,100	56,100
Other Federal agencies.....	16,845	96,700	96,700
Non-Federal sources.....	367,765	1,002,710	1,627,710
5. Administration of special milk program.....	581,006	658,100	658,100
6. Wool marketing agreements.....	5,328	9,300	9,300
7. Storage research on Commodity Credit Corporation owned grains.....	133,507	144,500	144,500
8. Other services relating to programs administered by Commodity Stabilization Service.....	151,010	109,900	110,700
9. Miscellaneous services to other accounts.....	38,175	23,750	23,750
10. Prior year advances returned.....	14,310	-----	-----
Total obligations.....	1,633,511	2,379,555	3,005,355

AGRICULTURAL MARKETING SERVICE—Continued**Intragovernmental funds—Continued****ADVANCES AND REIMBURSEMENTS—Continued****Program and Financing—Continued**

	1958 actual	1959 estimate	1960 estimate
Financing:			
Unobligated balance brought forward.....	\$19,945	\$22,045	-----
Advances and reimbursements from—			
Other accounts.....	1,035,139	1,149,420	\$1,172,265
Non-Federal sources.....	600,472	1,203,090	1,833,090
Unobligated balance carried forward.....	-22,045	-----	-----
Total financing.....	1,633,511	2,379,555	3,005,355

NOTE.—Reimbursements from non-Federal sources above are from cooperating universities, and State, county, local, and private agricultural agencies (5 U. S. C. 563, 564); from States, municipalities, persons, or licensed tobacco inspectors for services rendered (7 U. S. C. 511e); proceeds from sale of photographs (7 U. S. C. 1387) and personal property (40 U. S. C. 481 (c)); from payments by non-Federal agencies for overtime and holiday work and travel performed at poultry processing plants and in connection with appeals inspections on grain (21 U. S. C. 468; 72 Stat. 352 (7 U. S. C. 78)); and from refund of terminal leave payments (5 U. S. C. 61b). 1958 amounts exclude \$39,350 of unfilled orders from other accounts at end of year which will become reimbursements of a subsequent year.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	245	234	242
Full-time equivalent of all other positions.....	2	3	3
Average number of all employees.....	208	203	232
Number of employees at end of year.....	185	142	173
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
01 Personal services:			
Permanent positions.....	\$1,159,091	\$1,131,956	\$1,327,501
Positions other than permanent.....	6,287	12,241	12,241
Other personal services.....	81,749	850,138	1,283,123
Total personal services.....	1,247,127	1,994,335	2,622,865
02 Travel.....	132,667	117,040	114,380
03 Transportation of things.....	3,444	15,252	15,212
04 Communication services.....	76,126	75,533	75,533
05 Rents and utility services.....	15,170	46,375	46,285
06 Printing and reproduction.....	8,125	5,671	5,651
07 Other contractual services.....	31,777	25,206	25,256
Services performed by other agencies.....	2,225	-----	-----
08 Supplies and materials.....	27,508	22,942	22,912
09 Equipment.....	20,259	18,586	18,566
11 Grants, subsidies, and contributions.....	53,491	57,483	57,543
13 Refunds, awards, and indemnities.....	14,709	329	329
15 Taxes and assessments.....	883	803	823
Total obligations.....	1,633,511	2,379,555	3,005,355

Proposed for later transmission:**MARKETING RESEARCH AND SERVICE****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Marketing research and agricultural estimates: Crop and livestock estimates.....	-----	\$170,000	-----
2. Marketing services:			
(a) Market news service.....	-----	301,000	-----
(b) Inspection, grading, classing, and standardization.....	-----	636,000	-----
Total, marketing services.....	-----	937,000	-----
Total obligations.....	-----	1,107,000	-----
Financing:			
Proposed supplemental appropriation.....	-----	1,107,000	-----

Under existing legislation, 1959.—An anticipated supplemental appropriation of \$1,107,000 for 1959 is anticipated for (1) increased postage costs under Public Law 85-426, approved May 27, 1958, which established new postal rates effective August 1, 1958 (\$481,000); (2) in-

creased costs of the leased wire contract due to an increase in rates for leased teletype facilities (\$26,000); and (3) inspection service under the Poultry Products Inspection Act (\$600,000).

FOREIGN AGRICULTURAL SERVICE**Current authorizations:****SALARIES AND EXPENSES**

For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U. S. C. 1761-1768), and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$25,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U. S. C. 1766), **[\$4,002,300]** \$4,268,300: *Provided*, That not less than \$400,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis: *Provided further*, That, in addition, not to exceed \$2,593,000 of the funds appropriated by section 32 of the Act of August 24, 1935, as amended (7 U. S. C. 612c), shall be merged with this appropriation and shall be available for all expenses of the Foreign Agricultural Service in carrying out the purposes of said section 32: *Provided further*, That, in addition, not to exceed the equivalent of \$560,000 in foreign currencies derived from sales under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and made available to the Department of Agriculture, shall be available for expenses of the agricultural attaché service and for general operating expenses of the Foreign Agricultural Service in carrying out the purposes of section 104 (a) of that Act. (5 U. S. C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$4,002,300** Estimate 1960, **\$4,268,300**
Estimate (adjusted) 1960, **\$6,861,300**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Dollar obligations:			
1. Analysis of foreign agriculture and trade.....	\$1,130,132	\$1,266,200	\$1,266,200
2. Agricultural attachés.....	2,925,358	3,002,100	3,002,100
3. Foreign market promotion.....	1,898,793	2,248,400	2,348,400
4. Import controls.....	226,823	244,600	244,600
Total dollar obligations.....	6,181,106	6,761,300	6,861,300
Foreign currency obligations:			
2. Agricultural attachés.....	-----	200,000	200,000
5. Market development projects, general operating expenses.....	295,043	360,000	360,000
Total foreign currency obligations.....	295,043	560,000	560,000
Total obligations.....	6,476,149	7,321,300	7,421,300
Financing:			
Comparative transfer from "Removal of surplus agricultural commodities"—Foreign currency, Agricultural Trade Development and Assistance Act of 1954.....	-2,125,616	-2,493,000	-----
Unobligated balance no longer available.....	-295,043 31,657	-560,000	-560,000
New obligational authority.....	4,087,147	4,268,300	6,861,300
New obligational authority:			
Appropriation.....	\$4,002,300	\$4,002,300	\$4,268,300
Transferred from—			
"Removal of surplus agricultural commodities" (1960 appropriation act).....	-----	-----	2,593,000
"Conservation reserve," soil bank programs (72 Stat. 243).....	\$4,847	-----	-----
Appropriation (adjusted).....	4,087,147	4,002,300	6,861,300
Proposed supplemental due to pay increases.....	-----	266,000	-----

The Foreign Agricultural Service administers programs and policies relating to foreign agriculture. It provides information and assistance as guides in the planning of production and marketing of United States agricultural

commodities and helps smooth the channels through which exports move.

Direct appropriation—1. *Analysis of foreign agriculture and trade.*—Analyses are made of world trends in foreign agricultural production, trade, price, finance, marketing, consumption, competition, commercial, and trade policies, and economic policies of foreign governments, as such trends affect United States foreign agricultural trade and the domestic economy. The Service directs and coordinates Department participation in the formulation of trade programs and agreements to stabilize and expand world trade in American agricultural products, and to reduce restrictive tariff and trade practices against import of American agricultural commodities. Recommendations for the departmental positions on trade agreements and international commodity agreements are formulated. Continuous review is made of the trade regulations and financial conditions of signatories to the General Agreement on Tariffs and Trade in American farm products. Policies, programs, positions, and standards of participation in public and private international organizations are developed.

2. *Agricultural attachés.*—A worldwide agricultural attaché program is conducted by the Department. Assistance is provided in development of markets abroad for United States agricultural commodities. A comprehensive schedule of foreign agricultural market and trade reporting to meet the needs of the American agricultural industry is maintained.

Transfer from Removal of surplus agricultural commodities—3. *Foreign market promotion.*—Maintenance and expansion of foreign markets for surplus agricultural products are promoted by (a) obtaining and analyzing information on foreign-market requirements and making such information available to farm and trade groups; (b) developing market programs for use by producers, exporters, and Government officials to maintain and expand the market abroad of United States farm products; (c) assisting domestic trade representatives in negotiations with foreign government officials, importers, and consumers, and bringing together American exporters and foreign importers under conditions favorable to trade; (d) developing agreements with foreign countries for sales of United States agricultural commodities under title I of Public Law 480, and followup on the shipments of those commodities; and (e) directing the operation of market development projects to further expand foreign markets for agricultural products with foreign currencies generated under title I of Public Law 480.

4. *Import controls.*—Importation of articles which interfere with programs carried out by the Department of Agriculture is investigated and the information is developed in accordance with section 22 of the Agricultural Adjustment Act, as amended. During 1958, investigations were conducted on 18 commodities and 5 recommendations were submitted to the President or the Tariff Commission. Under import controls for dairy products, a total of 1,854 licenses for imports of cheese were issued and 177 for manufactured dairy products other than cheese.

The expenses from foreign currencies, reflected above, represent (1) the estimated amounts of foreign currencies which will be used for the attaché program and (2) the estimates of general operating expenses related to the foreign market development work being conducted by the Foreign Agricultural Service pursuant to section 104 (a) of Public Law 480. The total anticipated use of foreign currencies by the Foreign Agricultural Service is shown below in a separate informational schedule.

Object Classification			
	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	675	667	667
Full-time equivalent of all other positions.....	12	11	11
Average number of all employees.....	631	641	650
Number of employees at end of year.....	646	663	663
Average GS grade and salary.....	9.2 \$6,951	9.2 \$7,663	9.2 \$7,674
Average salary of ungraded positions.....	\$2,345	\$2,703	\$2,703
01 Personal services:			
Permanent positions.....	\$4,044,886	\$4,552,400	\$4,628,700
Positions other than permanent.....	52,743	54,600	54,600
Other personal services.....	234,598	196,200	213,400
Total personal services.....	4,332,227	4,803,200	4,896,700
02 Travel.....	400,798	453,300	461,300
03 Transportation of things.....	161,889	152,900	152,900
04 Communication services.....	62,305	71,100	71,100
05 Rents and utility services.....	49,630	33,100	33,100
06 Printing and reproduction.....	112,256	132,800	134,300
07 Other contractual services.....	53,913	73,200	73,200
Services performed by other agencies.....	614,192	610,000	610,000
08 Supplies and materials.....	33,928	34,700	34,700
09 Equipment.....	104,238	92,000	82,900
11 Grants, subsidies, and contributions.....	244,324	294,800	300,900
13 Refunds, awards, and indemnities.....	9,725	8,000	8,000
15 Taxes and assessments.....	1,681	2,200	2,200
Total obligations.....	6,181,106	6,761,300	6,861,300

INFORMATIONAL FOREIGN CURRENCY SCHEDULE

Foreign currency, Agricultural Trade Development and Assistance Act of 1954

[All amounts stated in U. S. dollar equivalents]

Program and Financing			
	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Market development projects:			
(a) Program expenses.....	\$5,509,625	\$3,465,417	\$6,440,000
(b) General operating expenses.....	295,043	360,000	360,000
2. Agricultural attachés.....		200,000	200,000
3. Travel of United States agricultural specialists abroad.....		189,583	
Total obligations.....	5,804,668	9,215,000	7,000,000
Financing:			
Unobligated balance brought forward....	-7,899,800	-6,441,148	-1,518,678
Adjustment due to changes in exchange rates to permit conversion to dollar equivalent.....	404,035		
Unobligated balance carried forward.....	6,441,148	1,518,678	
Unobligated balance no longer available.....	2,426,412		
Authorization to expend foreign currency receipts (7 U. S. C. 1704).....	7,176,463	4,292,530	5,481,322

Foreign currencies, generated by the sale of surplus agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, are allocated to the Department to enable the Foreign Agricultural Service to develop new foreign markets and expand existing markets for United States agricultural commodities, including cotton, dairy products, fats and oils, grain, feed, livestock and meat, poultry, fruits and vegetables, and tobacco. The type of market development projects being carried out include sales promotion campaigns, trade fairs and exhibits, nutrition demonstrations, and market analyses. A total of \$46.5 million is estimated as the amount available as of June 30, 1958 for market development projects. At June 30, 1958, there were 370 market development projects operating in 33 countries. Beginning with 1959, approximately \$200,000 in foreign currencies are being used to pay certain costs of the agricultural attachés.

Object Classification			
	1958 actual	1959 estimate	1960 estimate
FOREIGN AGRICULTURAL SERVICE			
Total number of permanent positions.....	24	73	73
Full-time equivalent of all other positions.....	2	1	1

FOREIGN AGRICULTURAL SERVICE—Continued**Current authorizations—Continued****INFORMATIONAL FOREIGN CURRENCY SCHEDULE—Continued****Object Classification—Continued**

	1958 actual	1959 estimate	1960 estimate
FOREIGN AGRICULTURAL SERVICE—con.			
Average number of all employees.....	23	69	69
Number of employees at end of year.....	28	70	70
Average salary of ungraded positions.....	\$2, 116	\$2, 227	\$2, 227
01 Personal services:			
Permanent positions.....	\$40, 338	\$150, 860	\$150, 320
Positions other than permanent.....	5, 038	900	900
Other personal services.....	97	79, 640	80, 180
Total personal services.....	45, 473	231, 400	231, 400
02 Travel.....	204, 178	250, 000	250, 000
03 Transportation of things.....	37, 539	40, 000	40, 000
04 Communication services.....	8, 758	10, 000	10, 000
05 Rents and utility services.....	37, 903	55, 000	55, 000
06 Printing and reproduction.....	4, 171	5, 000	5, 000
07 Other contractual services.....	5, 262, 852	8, 184, 600	6, 284, 600
Services performed by other agencies.....	97, 456	110, 000	110, 000
08 Supplies and materials.....	5, 685	7, 000	7, 000
09 Equipment.....	445	2, 000	2, 000
11 Grants, subsidies, and contributions.....	208	5, 000	5, 000
Total, Foreign Agricultural Service.....	5, 704, 668	8, 900, 000	7, 000, 000
ALLOCATION TO DEPARTMENT OF COMMERCE			
02 Travel.....	24	4, 000	-----
03 Transportation of things.....	9, 633	35, 000	-----
04 Communication services.....	1, 195	5, 000	-----
05 Rents and utility services.....	1, 818	25, 000	-----
06 Printing and reproduction.....	8	1, 000	-----
07 Other contractual services.....	85, 878	230, 000	-----
08 Supplies and materials.....	1, 251	10, 000	-----
09 Equipment.....	193	5, 000	-----
Total, Department of Commerce.....	100, 000	315, 000	-----
Total obligations.....	5, 804, 668	9, 215, 000	7, 000, 000

Analysis of Expenditures

Obligated balance, start of year.....	\$4, 175, 828	\$6, 409, 622	\$6, 624, 622
Obligations incurred during year.....	5, 804, 668	9, 215, 000	7, 000, 000
Obligated balance, end of year.....	-6, 409, 622	-6, 624, 622	-5, 624, 622
Expenditures.....	3, 570, 874	9, 000, 000	8, 000, 000

Status of Unfunded Allocations

Unfunded balance, start of year.....	\$7, 226, 528	\$7, 543, 180	\$1, 518, 678
Allocations.....	7, 176, 463	4, 292, 530	5, 481, 322
Unfunded balance expiring or lapsing.....	-2, 426, 412	-----	-----
Adjustment due to changes in exchange rates to permit conversion to dollar equivalents.....	-404, 035	-----	-----
Unfunded balance, end of year.....	-7, 543, 180	-1, 518, 678	-----
Transfers into agency account.....	4, 029, 364	10, 317, 032	7, 000, 000

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:
 "Mutual security," funds appropriated to the President.
 "President's special international program," funds appropriated to the President.

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Commodity Credit Corporation representatives for sales, barter, and stockpiling.....	\$53, 486	\$62, 100	\$62, 100
2. Miscellaneous services to other accounts.....	158, 779	174, 000	174, 000
Total obligations.....	212, 265	236, 100	236, 100

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing:			
Advances and reimbursements from—			
Other accounts.....	\$212, 200	\$236, 100	\$236, 100
Non-Federal sources (40 U. S. C. 481 (e)).....	65	-----	-----
Total financing.....	212, 265	236, 100	236, 100

Object Classification

Total number of permanent positions.....	23	23	23
Average number of all employees.....	25	26	26
Number of employees at end of year.....	23	23	23
Average GS grade and salary.....	9.3 \$6, 780	9.0 \$7, 386	9.0 \$7, 386
01 Personal services:			
Permanent positions.....	\$168, 067	\$181, 462	\$180, 834
Positions other than permanent.....	656	750	750
Other personal services.....	7, 780	7, 888	8, 516
Total personal services.....	176, 503	190, 100	190, 100
02 Travel.....	8, 596	20, 300	20, 300
03 Transportation of things.....	1, 787	200	200
04 Communication services.....	1, 772	1, 500	1, 500
06 Printing and reproduction.....	1, 437	1, 100	1, 100
07 Other contractual services.....	2, 112	200	200
Services performed by other agencies.....	8, 100	8, 100	8, 100
08 Supplies and materials.....	2, 038	2, 700	2, 700
09 Equipment.....	148	-----	-----
11 Grants, subsidies, and contributions.....	10, 772	11, 900	11, 900
Total obligations.....	212, 265	236, 100	236, 100

COMMODITY EXCHANGE AUTHORITY**Current authorizations:****SALARIES AND EXPENSES**

For necessary expenses to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U. S. C. 1-17a), **[\$832,000] \$900,000.** (72 Stat. 1013; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$832,000**Estimate 1960, **\$900,000****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Licensing.....	\$65, 942	\$60, 100	\$60, 100
2. Supervision of futures trading.....	471, 654	475, 900	475, 900
3. Audits.....	170, 233	197, 200	197, 200
4. Investigations.....	154, 739	166, 800	166, 800
Total program costs ¹	862, 568	900, 000	900, 000
5. Relation of costs to obligations:			
Obligations incurred for costs of other years (unpaid undelivered orders), net.....	1, 158	-----	-----
Total program (obligations).....	863, 726	900, 000	900, 000
Financing:			
Unobligated balance no longer available.....	1, 162	-----	-----
New obligational authority.....	864, 888	900, 000	900, 000
New obligational authority:			
Appropriation.....	\$832, 000	\$832, 000	\$900, 000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	32, 888	-----	-----
Appropriation (adjusted).....	864, 888	832, 000	900, 000
Proposed supplemental due to pay increases.....	-----	68, 000	-----

¹ Includes capital outlay as follows: 1958, \$4,643; 1959, \$2,000; 1960, \$2,000.

Enforcement of the Commodity Exchange Act requires supervision over futures trading in 22 commodities on 16 exchanges to prevent price manipulation and corners and insure honesty and fair dealing. Transactions on contract markets were estimated at \$4,424,000 in 1958, and the value of trading approximately \$34 billion.

1. *Licensing.*—Commission merchants and floor brokers are registered annually. In 1958 there were 537 commission merchants and 813 floor brokers so registered. The estimates for 1960 are 560 and 840 respectively. Exchange rules and regulations are reviewed to insure that legal requirements are met.

2. *Supervision of futures trading.*—This embraces (a) examination and analysis of reports and other market data, the making of market position surveys, and publication of summary data; (b) establishment, review and enforcement of speculative limits; and (c) cooperative activities with control committees of contract markets. In 1958, position surveys covered 4,182 traders.

REPORTS TABULATED AND ANALYZED

	1958 actual	1959 estimate	1960 estimate
Daily trading volume and open contracts....	239,353	250,000	250,000
Daily and weekly reports on large traders....	275,187	300,000	325,000
Delivery notices.....	43,589	40,000	40,000

3. *Audits.*—Misuse of customers' funds is prevented by (a) audit and examination of books of futures commission merchants; and (b) analysis of brokers' and traders' books and financial statements. The 1958 audits revealed that customers had to their credit \$81,672,368 required to be segregated from the funds of the carrying brokers.

AUDITS

	1958 actual	1959 estimate	1960 estimate
Audits of customers' segregated funds.....	506	650	618
Accounts examined.....	26,326	33,000	31,350
Financial statements examined.....	538	550	560

4. *Investigations.*—Apparent or alleged violations of the law and regulations are investigated, and trade practice surveys are made to discover violations and compile legal evidence. The Authority also prepares and presents evidence of violations in administrative hearings and judicial proceedings. In 1958 there were 37 compliance investigations completed and 59,000 transactions examined.

5. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1957, \$2,588; 1958, \$3,746; 1959, \$3,746; 1960, \$3,746.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	141	137	129
Full-time equivalent of all other positions.....	1	1	1
Average number of all employees.....	125	124	120
Number of employees at end of year.....	126	122	120
Average GS grade and salary.....	6.9 \$5,398	7.1 \$6,072	7.1 \$6,190
01 Personal services:			
Permanent positions.....	\$733,250	\$766,857	\$763,750
Positions other than permanent.....	2,036	3,153	3,242
Other personal services.....	4,384	3,590	6,608
Total personal services.....	739,670	773,600	773,600
02 Travel.....	12,933	10,300	10,300
03 Transportation of things.....	1,183	900	600
04 Communication services.....	17,399	20,000	20,000
05 Rents and utility services.....	15,391	15,400	15,400
06 Printing and reproduction.....	10,748	11,000	11,000
07 Other contractual services.....	6,659	9,000	9,200
Services performed by other agencies.....	1,745	1,000	1,000
08 Supplies and materials.....	6,192	5,900	5,800
09 Equipment.....	6,116	2,000	2,200
11 Grants, subsidies, and contributions.....	45,102	50,200	50,200
13 Refunds, awards, and indemnities.....	510	600	600
15 Taxes and assessments.....	78	100	100
Total obligations.....	863,726	900,000	900,000

SOIL BANK PROGRAMS

The Soil Bank Act (7 U. S. C. 1801-1837) authorized an acreage reserve program and a conservation reserve program to assist farmers to divert cropland from produc-

tion of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation. The activities are supplementary to the acreage allotments and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, and together with such programs constitute an overall program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

From the appropriations provided for the conservation reserve and acreage reserve programs, funds are advanced to the Commodity Credit Corporation to cover payments to producers under the programs.

In accordance with the 1959 appropriation act for the Department of Agriculture the acreage reserve program was terminated at the end of the 1958 crop year.

Current authorizations:

CONSERVATION RESERVE [PROGRAM]

For necessary expenses to carry out a conservation reserve program as authorized by subtitles B and C of the Soil Bank Act (7 U. S. C. 1831-1837 and 1802-1814), [\$200,000,000] \$360,370,000: *Provided*, That not to exceed [\$16,000,000] \$19,318,000 shall be available for administrative expenses of which not less than [\$12,750,000] \$15,171,900 may be transferred to the appropriation account "Local administration, section 388, Agricultural Adjustment Act of 1938": *Provided further*, That no part of this appropriation shall be used to enter into contracts with producers which together with contracts already entered into would require payments to producers (including the cost of materials and services) in excess of \$375,000,000 in any calendar year, and for purposes of applying this limitation, practice payments shall be chargeable to the first year of the contract period: *Provided further*, That no part of these funds shall be paid on any contract which is illegal under the law due to the division of lands for the purpose of evading limits on annual payments to participants: *Provided further*, That hereafter no conservation reserve contract shall be entered into which provides for [(1)] payments for conservation practices in excess of the average rate for comparable practices under the Agricultural Conservation Program [], or (2) annual rental payments in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof. In determining the value of the land for this purpose, the county committee shall take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land]. (72 Stat. 81; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$200,000,000 Estimate 1960, \$360,370,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Conservation reserve (total obligations).....	\$134,077,353	\$145,000,000	\$360,370,000
Financing:			
Unobligated balance no longer available.....	19,110,169	55,000,000	-----
New obligational authority	153,187,522	200,000,000	360,370,000
New obligational authority:			
Appropriation.....	\$162,940,000	\$200,000,000	\$360,370,000
Transferred (72 Stat. 243) to—			
"Salaries and expenses," Agricultural Research Service.....	-2,648,753	-----	-----
"Salaries and expenses," Farmer Cooperative Service.....	-10,500	-----	-----
"Conservation operations," Soil Conservation Service.....	-2,500,000	-----	-----
"Marketing research and service," Agricultural Marketing Service.....	-771,206	-----	-----
"Salaries and expenses," Foreign Agricultural Service.....	-84,847	-----	-----
"Salaries and expenses," Commodity Exchange Authority.....	-32,888	-----	-----
"Acreage allotments and marketing quotas," Commodity Stabilization Service.....	-111,409	-----	-----
"Salaries and expenses," Rural Electrification Administration.....	-25,455	-----	-----

SOIL BANK PROGRAMS—Continued

Current authorizations—Continued

CONSERVATION RESERVE [PROGRAM]—Continued

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
New obligational authority—Con.			
Transferred (72 Stat. 243) to—Con.			
“Salaries and expenses,” Farmers’ Home Administration.....	-\$1,124,100		
“Salaries and expenses,” Office of the General Counsel.....	-85,000		
“Salaries and expenses,” Office of the Secretary.....	-83,500		
“Salaries and expenses,” Office of Information.....	-34,300		
“Salaries and expenses,” Library.....	-29,215		
“Forest protection and utilization,” Forest Service.....	-2,211,305		
Appropriation (adjusted).....	153,187,522	\$200,000,000	\$360,370,000

The objective of this program is to help adjust total crop acreage more nearly in line with demand by withdrawing from 30 to 35 million acres of cropland from production and to establish and maintain sound conservation practices on the land withdrawn. Producers may enter into contracts through calendar year 1960, for periods of 3 to 15 years. In return for removing designated cropland from production and establishing long-range conservation practices, the producer receives cost-sharing assistance for establishment of a practice and annual payments for the duration of the contract. The Secretary may not enter into contracts with producers which would require payments to producers in excess of \$375 million for the 1959 calendar year. Total annual payments to a producer for any year are generally limited to \$5,000.

Participation in the program is summarized below:

Number of agreements as of April 15, 1958.....	127,000
Number of acres.....	9,899,000
Payments made in calendar year 1957.....	\$89,972,690
Estimated payments to be made in calendar year 1958.....	\$130,500,000

For the 1959 program, greater encouragement is being directed toward the inclusion of total farms in the program, and greater emphasis is being placed on forestry and wildlife practices. It is estimated that more than 13 million acres will be placed in the conservation reserve under the 1959 program bringing the total to about 23 million acres. This additional participation is anticipated because of (a) an increase in the annual payment rate from about \$10 to \$13.50 per acre, (b) special incentives for placing whole farms in the program, and (c) consideration given to productivity of land in establishing maximum payment rates for individual farms.

Object Classification

	1958 actual	1959 estimate	1960 estimate
COMMODITY STABILIZATION SERVICE			
03 Transportation of things.....	\$4,213		
06 Printing and reproduction.....	59,904	\$100,000	\$125,000
07 Other contractual services: Advanced to—			
“Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938” (7 U. S. C. 1392).....	2,000,000	1,960,107	2,346,000
“Local administration, sec. 388, Agricultural Adjustment Act of 1938, Agriculture” (7 U. S. C. 1388).....	12,000,000	12,836,900	15,171,900
11 Grants, subsidies, and contributions: Conservation reserve payments.....	114,933,598	126,722,169	339,052,000
Total, Commodity Stabilization Service.....	128,997,715	141,619,176	356,694,900

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	54	50	57
Full-time equivalent of all other positions.....	18	26	29
Average number of all employees.....	151	125	157
Number of employees at end of year.....	61	50	60
Average GS grade and salary.....	6.5 \$4,974	6.8 \$5,608	6.9 \$5,695
01 Personal services:			
Permanent positions.....	\$833,051	\$732,797	\$896,373
Positions other than permanent.....	56,535	79,630	94,872
Other personal services.....	3,969	2,186	3,771
Total personal services.....	893,555	814,613	995,016
02 Travel.....	34,095	42,300	47,700
03 Transportation of things.....	852	800	700
04 Communication services.....	24,175	11,000	11,250
05 Rents and utility services.....	3,391	3,000	3,500
06 Printing and reproduction.....	20,224	4,200	2,800
07 Other contractual services:			
Services performed by other agencies.....	153,397	16,152	13,952
08 Supplies and materials.....	18,293	20,397	21,200
09 Equipment.....	4,563	2,400	1,850
10 Lands and structures.....	21,644		
11 Grants, subsidies, and contributions.....	3,847,223	2,408,272	2,523,042
13 Refunds, awards, and indemnities.....	435	10	25
15 Taxes and assessments.....	2,327	1,840	2,125
Subtotal.....	5,079,731	3,380,824	3,675,100
Deduct quarters and subsistence charges.....	93		
Total, allotment accounts.....	5,079,638	3,380,824	3,675,100
Total obligations.....	134,077,353	145,000,000	360,370,000
Obligations are distributed as follows:			
Commodity Stabilization Service.....	\$128,997,715	\$141,619,176	\$356,694,900
Agricultural Conservation Program Service.....	8,547	21,424	14,200
Forest Service.....	4,243,267	2,596,000	2,716,000
Soil Conservation Service.....	776,967	703,500	820,000
Office of the General Counsel.....	43,337	51,000	116,000
Office of Information.....	7,520	8,900	8,900

ACREAGE RESERVE [PROGRAM]

For necessary expenses to carry out [an] liquidation activities for the acreage reserve program conducted in accordance with the provisions of subtitles A and C of the Soil Bank Act (7 U. S. C. 1821–1824 and 1802–1814), [\$330,000,000: Provided, That not to exceed \$13,000,000 of the total sum provided under this head shall be available for administrative expenses: Provided further, That no part of this appropriation shall be used to formulate and administer an acreage reserve program with respect to the 1959 crops] \$1,050,000.

For an additional amount for “Acreage reserve program”, \$279,450,000; and the limitation under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959, on the amount available for administrative expenses, is increased from “\$13,000,000” to “\$19,050,000”. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959; Supplemental Appropriation Act, 1959.)

Appropriated 1959, \$609,450,000

Estimate 1960, \$1,050,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Acreage reserve (total obligations).....	\$522,185,383	\$609,450,000	\$1,050,000
Financing:			
Unobligated balance no longer available.....	64,617		
New obligational authority.....	522,250,000	609,450,000	1,050,000
New obligational authority:			
Appropriation.....	\$600,250,000	\$609,450,000	\$1,050,000
Transferred to “Commodity Credit Corporation fund” (72 Stat. 51).....	-78,000,000		
Appropriation (adjusted).....	522,250,000	609,450,000	1,050,000

This program was in effect for 3 crop years from 1956 through 1958. Producers were compensated for reducing

their acreages for specified commodities below acreage allotments.

Accomplishments under the 1958 program are summarized below:

Commodity	Number of agreements	Number of acres	Maximum possible payments
Wheat.....	174, 451	5, 289, 477	\$105, 111, 500
Corn.....	355, 789	6, 658, 093	282, 255, 190
Cotton (upland).....	444, 618	4, 925, 957	270, 207, 669
Rice.....	5, 580	174, 198	11, 941, 731
Tobacco.....	68, 832	110, 618	26, 516, 210
Total.....	1, 049, 270	17, 158, 343	696, 032, 300

The appropriation act for 1959 provided for the termination of the program after the 1958 crop year. The 1960 estimate is to cover costs of liquidating the program.

Object Classification

	1958 actual	1959 estimate	1960 estimate
COMMODITY STABILIZATION SERVICE			
03 Transportation of things.....	\$5, 726	\$250	
06 Printing and reproduction.....	200, 342	99, 750	
07 Other contractual services: Advanced to—			
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U. S. C. 1392).....	3, 640, 000	4, 302, 058	\$200, 000
"Local administration, sec. 388, Agricultural Adjustment Act of 1938, Agriculture" (7 U. S. C. 1388).....	30, 749, 000	14, 511, 492	800, 000
11 Grants, subsidies, and contributions: Acreage reserve payments.....	487, 534, 315	590, 453, 550	
Total, Commodity Stabilization Service.....	522, 129, 383	609, 367, 100	1, 000, 000
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	14	14	7
Average number of all employees.....	8	10	6
Number of employees at end of year.....	6	10	6
Average GS grade and salary.....	8.1 \$6, 111	8.0 \$6, 833	8.2 \$7, 037
01 Personal services:			
Permanent positions.....	\$48, 298	\$70, 265	\$42, 325
Positions other than permanent.....	153	324	330
Total personal services.....	48, 451	70, 589	42, 655
02 Travel.....	1, 445	3, 725	3, 500
03 Transportation of things.....		50	
04 Communication services.....	142	550	500
06 Printing and reproduction.....	675	800	200
07 Other contractual services.....	228	300	225
Services performed by other agencies.....	1, 009	1, 200	
08 Supplies and materials.....	71	721	150
09 Equipment.....	949	300	
11 Grants, subsidies, and contributions.....	3, 030	4, 665	2, 770
Total, allotment accounts.....	56, 000	82, 900	50, 000
Total obligations.....	522, 185, 383	609, 450, 000	1, 050, 000
Obligations are distributed as follows:			
Commodity Stabilization Service.....	\$522, 129, 383	\$609, 367, 100	\$1, 000, 000
Office of the General Counsel.....	43, 285	69, 500	50, 000
Office of Information.....	12, 715	13, 400	

SOIL BANK PROGRAMS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Financing:			
Authorization to expend from public debt receipts:			
Unobligated balance brought forward.....	—\$15, 609, 430	—\$233, 101	
Unobligated balance transferred to "Commodity Credit Corporation fund" (7 U. S. C. 1808).....	19, 247, 132		
Recovery of prior year obligations.....	—3, 870, 803		
Unobligated balance carried forward.....	233, 101		
Unobligated balance no longer available.....		233, 101	
Appropriation (new obligational authority).....			

COMMODITY STABILIZATION SERVICE

Current authorizations:

ACREAGE ALLOTMENTS AND MARKETING QUOTAS

For necessary expenses to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1301-1393), **[\$39,715,000]** \$39,135,000, of which not more than **[\$6,380,100]** \$6,886,300 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938". (72 Stat. 78-80, 101-102, 177-178, 186, 291, 703-705, 709, 988-996; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$39,715,000**

Estimate 1960, **\$39,135,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Acreage allotments and marketing quotas (total obligations).....	\$40, 805, 656	\$39, 715, 000	\$39, 135, 000
Financing:			
Unobligated balance no longer available.....	20, 753		
New obligational authority.....	40, 826, 409	39, 715, 000	39, 135, 000
New obligational authority:			
Appropriation.....	\$40, 715, 000	\$39, 715, 000	\$39, 135, 000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	111, 409		
Appropriation (adjusted).....	40, 826, 409	39, 715, 000	39, 135, 000

Acreage allotment and marketing quota programs are designed to keep the production and marketing of basic commodities in line with demand in order to give each farmer a fair share of the available market and the total production required.

Acreage allotments, when necessary, are established at national, State, and county levels (only at State level in the case of tobacco). In general, the acreage allotted to any county is apportioned by farmer-elected county committees. National marketing quotas must be proclaimed whenever the total supply for the basic commodities, except corn, reaches a level specified in the Agricultural Adjustment Act of 1938, as amended. However, quotas do not become effective unless approved by two-thirds of those voting in a farmer referendum.

Acreage allotments and marketing quotas have been announced for the 1959 crops of flue-cured tobacco, peanuts, wheat, cotton, and rice. Acreage allotments and marketing quotas will be proclaimed for the 1959 crops of other kinds of quota tobaccos not later than February 1, 1959. The Agricultural Act of 1958, approved August 28, 1958, provides that (a) with respect to cotton the Secretary shall give producers of Upland cotton a choice of (1) plan A—planting within his acreage allotment and receiving price support determined under section 101 of the Agricultural Act of 1949, as amended, or (2) plan B—increasing his acreage by not to exceed 40% as determined by the Secretary and receiving price support at 15 parity points below the level under plan A; (b) a referendum shall be held of producers of corn in the 1958 commercial corn-producing area, to determine whether they favor price support as provided in the Agricultural Act of 1958 in lieu of the present acreage allotment and price support program; and (c) that the allotment for rice shall be maintained at the 1956 level.

In the referendum held November 25, 1958, 71.1% of the producers voting favored elimination of corn acreage allotments beginning with the 1959 crop. Therefore, no

COMMODITY STABILIZATION SERVICE—Continued

Current authorizations—Continued

ACREAGE ALLOTMENTS AND MARKETING QUOTAS—Continued

commercial cane-producing area or allotments will be established. Additional funds may be required in 1959 and 1960 for meeting the additional workload with respect to cotton pursuant to the Agricultural Act of 1958.

Work in the fiscal years 1959 and 1960 will consist primarily of the following:

	Tobacco	Peanuts	Wheat	Cotton	Corn	Rice
Conducting and compiling basic data, establishing acreage allotments and issuing allotment notices and marketing cards, fiscal years 1959 and 1960 (estimated number of allotment forms)	585,000	118,814	1,718,115	955,091	20,925	799
Disseminating appeals	17,500	1,300	55,999	34,999		
Measuring farms and computing acreages (percent of farms measured)						
Fiscal year 1959	65.2	49.0	1.0	39.0	80.0	63.4
1959 crop	94.8	51.4	98.9	53.7		43.0
Fiscal year 1960	65.2	49.0	1.0	39.0		63.4
1960 crop	94.8	51.4	98.9	0		43.0
Conducting local administration and certifying results (numbers)						
Fiscal year 1959	898		2,529	1,092	162	157
Fiscal year 1960	67	390	2,520	1,092		157

† Represents estimate of work to be performed with appropriation for 1959 and estimate for 1960. Additional funds for 1959 and 1960 to cover additional work under the Agricultural Act of 1958 will permit measurement of entire 1959 crop and a portion of the 1960 crop of cotton.

Object Classification

	1958 actual	1959 estimate	1960 estimate
00 Printing and reproduction	\$360,539	\$280,050	\$247,000
07 Other contractual services: Advanced in—			
"Administrative expenses, sec. 302, Agricultural Adjustment Act of 1939" (7 U. S. C. 1392)	0,328,412	0,890,300	0,880,300
"Local administration, sec. 308, Agricultural Adjustment Act of 1939" (7 U. S. C. 1398)	31,080,710	32,529,750	32,001,700
Total obligations	31,399,150	33,419,100	32,148,000

SUGAR ACT PROGRAM

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U. S. C. 1101-1151), **\$76,000,000** **\$71,500,000**, to remain available until June 30 of the next succeeding fiscal year. *Provided*, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed **\$12,124,500** **\$12,207,400**. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$76,000,000**Estimate 1960, **\$71,500,000**

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1 Payments to sugar producers:			
(a) Continental beet area	\$36,980,000	\$36,702,378	\$36,727,760
(b) Continental cane area	7,961,251	8,538,600	8,960,400
(c) Offshore cane area	22,002,023	20,743,590	20,805,424
2 Operating expenses	5,136,627	5,200,420	5,207,420
Total obligations	67,080,000	70,000,000	71,500,000
Financing:			
Appropriation (new obligations authorized)	67,080,000	70,000,000	71,500,000

The Service determines total United States requirements and quotas to provide consumers with adequate supplies of sugar at reasonable prices, to protect the domestic

sugar industry and to promote export trade for the five domestic sugar producing areas, the Philippines, Cuba, and other foreign countries. The quota for each domestic area is allotted to individual sellers when necessary to achieve orderly marketing, and restrictive farm acreage allotments are established for producers when necessary to avoid surpluses.

1. *Payments to sugar producers.* Payments are made (a) to domestic producers of cane and beets who meet specified conditions of employment, production, and price; and (b) for abandonment of planted acreage and crop deficiencies on harvested acreage due to natural calamities.

Estimated production by areas is shown in the following table:

	Area	1957 crop year	1958 crop year	1959 crop year
Continental beet area		2,213,000	2,175,000	2,200,000
Continental cane area		535,000	620,000	675,000
Hawaii		1,085,000	785,000	1,050,000
Porto Rico		934,000	1,225,000	1,350,000
Virgin Islands		15,000	0,000	15,000
Total		4,782,000	4,800,000	5,340,000

2. *Operating expenses.* These consist of the expenses of (a) the agricultural stabilization and conservation State and county officers in establishing farm production controls, determining compliance, and making payments to producers; and (b) the Service's departmental work in determining sugar consumption requirements, establishing quotas and allotments, making fair wage and price determinations, establishing area production controls, and formulating overall policies and procedures.

Object Classification

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services: Advanced in—			
"Administrative expenses, sec. 302, Agricultural Adjustment Act of 1939" (7 U. S. C. 1392)	\$1,397,114	\$1,487,028	\$1,487,028
"Local administration, sec. 308, Agricultural Adjustment Act of 1939, Agriculture" (7 U. S. C. 1398)	712,417	740,300	810,308
11 Grants, subsidies, and contributions	65,522,673	73,763,574	69,202,574
Total obligations	67,632,204	76,000,000	71,500,000

SPECIAL COMMODITY DISPOSAL PROGRAMS

Note.—This appropriation is shown under Special activities and is reflected in the schedules of the Commodity Credit Corporation fund.

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

- "Agricultural conservation program," Agricultural Conservation Program Service.
- "School lunch program," Agricultural Marketing Service.
- "Conservation reserve," soil bank programs.
- "Acreage reserve," soil bank programs.
- "Great Plains conservation program," Soil Conservation Service.
- "Removal of surplus agricultural commodities," Agricultural Marketing Service.
- "Disaster loans, etc., revolving fund," Farmers' Home Administration.
- "Mutual security," funds appropriated to the President.
- "Revolving fund, Defense Production Act," funds appropriated to the President.

Permanent authorizations:

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION,
NATIONAL WHEAT ACT
(Indefinite)

Note.—This appropriation is shown under Commodity Credit Corporation and is reflected in the schedules of the Commodity Credit Corporation fund.

Intragovernmental funds:

ADMINISTRATIVE EXPENSES, SEC. 392, AGRICULTURAL ADJUSTMENT ACT OF 1938

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. National and State operating expenses.....	\$22,538,544	\$25,382,947	\$21,646,282
2. Prior year advances returned.....	986,078		
Total obligations.....	23,524,622	25,382,947	21,646,282
Financing:			
Unobligated balance brought forward.....	986,078		
Advances and reimbursements from—			
“Agricultural conservation program,”			
Agricultural Conservation Program Service.....	4,525,223	4,848,739	4,848,739
“Acreage allotments and marketing quotas”.....	6,328,412	6,886,200	6,886,200
“Sugar Act program”.....	1,397,110	1,487,028	1,487,028
“Acreage reserve,” soil bank programs.....	3,640,000	4,302,058	200,000
“Conservation reserve,” soil bank programs.....	2,000,000	1,960,107	2,346,000
“Great Plains conservation program,” Soil Conservation Service.....	15,000	27,500	27,500
“Disaster loans, etc., revolving fund,” Farmers’ Home Administration.....	70,000	49,500	29,000
“Removal of surplus agricultural commodities,” Agricultural Marketing Service.....	28,000	32,450	32,450
Other accounts.....	4,907,991	5,789,265	5,789,265
Unobligated balance no longer available.....	-373,192		
Total financing.....	23,524,622	25,382,947	21,646,282

Under the Agricultural Adjustment Act of 1938, amounts estimated to be required for administrative expenses of the national and State offices are advanced to this account from several appropriations related to agricultural stabilization and conservation activities.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	2,894	2,896	2,484
Full-time equivalent of all other positions.....	214	229	194
Average number of all employees.....	2,868	3,084	2,639
Number of employees at end of year.....	3,264	3,016	2,998
Average GS grade and salary.....	5.9 \$4,740	6.0 \$5,312	6.0 \$5,264
01 Personal services:			
Permanent positions.....	\$14,704,520	\$16,804,813	\$14,399,148
Positions other than permanent.....	1,051,667	1,264,850	1,071,286
Other personal services.....	155,326	192,021	192,425
Total personal services.....	15,911,513	18,261,693	15,662,859
02 Travel.....	3,273,320	3,639,967	3,083,542
03 Transportation of things.....	118,141	126,605	106,233
04 Communication services.....	782,662	648,270	569,557
05 Rents and utility services.....	427,965	517,808	434,802
06 Printing and reproduction.....	68,790	77,377	57,478
07 Other contractual services.....	126,837	294,487	247,106
Services performed by other agencies.....	91,828	141,696	114,929
08 Supplies and materials.....	296,866	278,795	238,157
09 Equipment.....	478,768	168,881	128,716
11 Grants, subsidies, and contributions.....	912,320	1,093,926	949,707
13 Refunds, awards, and indemnities.....	1,011,701	37,035	32,486
15 Taxes and assessments.....	28,910	35,897	29,910
Total obligations.....	23,524,622	25,382,947	21,646,282

LOCAL ADMINISTRATION, SEC. 388, AGRICULTURAL ADJUSTMENT ACT OF 1938

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Local operating expenses.....	\$147,784,323	\$138,120,171	\$130,468,129
2. Prior year advances returned.....	5,052,091		
Total obligations.....	152,836,324	138,120,171	130,468,129

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing:			
Unobligated balance brought forward.....	\$5,052,091		
Advances and reimbursements from—			
“Agricultural conservation program,”			
Agricultural Conservation Program Service.....	19,564,385	\$19,755,131	\$21,295,131
“Acreage allotments and marketing quotas”.....	34,083,716	32,538,750	32,091,709
“Sugar Act program”.....	742,417	749,398	810,398
“Commodity Credit Corporation fund (storage and price support programs)”.....	42,366,000	49,646,000	51,819,000
“Acreage reserve,” soil bank programs.....	39,749,000	14,511,492	800,000
“Conservation reserve,” soil bank programs.....	12,000,000	12,836,900	15,171,900
“Great Plains conservation program,” Soil Conservation Service.....	57,526	115,000	125,000
“Disaster loans, etc., revolving fund,” Farmers’ Home Administration.....	58,400	77,500	35,000
“Removal of surplus agricultural commodities,” Agricultural Marketing Service.....	15,000	40,000	43,000
Other accounts.....	8,216,411	7,850,000	8,366,000
Unobligated balance no longer available.....	-68,526		
Total financing.....	152,836,324	138,120,171	130,468,129

Under the Agricultural Adjustment Act of 1938, amounts estimated to be required by the county agricultural stabilization and conservation committees for carrying out the programs assigned to them are advanced to this account from the several appropriations available. Payments to county committees for their estimated expenses are deposited in the bank accounts of the committees. Expenses paid from this account are as follows:

	1958 actual	1959 estimate	1960 estimate
Salaries.....	\$102,130,873	\$94,035,227	\$89,037,111
Travel.....	8,189,620	7,429,017	6,447,553
All other expense.....	36,338,236	35,615,198	33,933,465
Total advances to committees.....	146,658,729	137,079,442	129,418,129
Prior year advances returned.....	5,052,091		
Aerial photography for performance checking.....	1,125,594	1,049,729	1,050,000
Total obligations.....	152,836,324	138,120,171	130,468,129

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	100	99	99
Full-time equivalent of all other positions.....	2		
Average number of all employees.....	102	99	99
Number of employees at end of year.....	111	99	99
Average GS grade and salary.....	5.9 \$4,740	6.0 \$5,312	6.0 \$5,264
01 Personal services:			
Permanent positions.....	\$440,091	\$465,199	\$462,400
Positions other than permanent.....	5,390	310	310
Other personal services.....	8,479	2,790	5,680
Total personal services.....	453,960	468,299	468,290
02 Travel.....	9,258	8,500	8,500
03 Transportation of things.....	15,226	13,500	13,500
04 Communication services.....	3,813	3,600	3,600
05 Rents and utility services.....	69	75	75
06 Printing and reproduction.....	984	1,200	1,200
07 Other contractual services.....	347,281	361,057	361,057
08 Supplies and materials.....	187,126	153,390	153,390
09 Equipment.....	79,211	6,600	6,600
11 Grants, subsidies, and contributions.....	146,686,956	137,102,449	129,459,497
13 Refunds, awards, and indemnities.....	5,052,022	1,200	1,200
15 Taxes and assessments.....	328	400	400
Total obligations.....	152,836,324	138,120,171	130,468,129

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Advanced from Commodity Credit Corporation:			
(a) Supply and foreign purchase program.....	\$163,197	\$185,000	\$185,000
(b) International Wheat Agreement.....	160,383	215,000	215,000
(c) National Wool Act.....	146,033	262,000	262,000
(d) Sale of stockpile cotton.....	9,442	12,350	12,350

COMMODITY STABILIZATION SERVICE—Continued

Intragovernmental funds—Continued

ADVANCES AND REIMBURSEMENTS—Continued

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
2. Operation and maintenance, Department of the Air Force.....	\$62,649	\$65,000	-----
3. Miscellaneous services to other accounts.....	31,355	200,000	\$200,000
Total obligations.....	573,059	939,350	874,350
Financing:			
Advances and reimbursements from other accounts.....	573,059	939,350	874,350

Object Classification

Total number of permanent positions.....	80	103	94
Average number of all employees.....	76	102	91
Number of employees at end of year.....	52	79	78
Average GS grade and salary.....	5.9 \$4,740	6.0 \$5,312	6.0 \$5,264
01 Personal services:			
Permanent positions.....	\$418,254	\$584,719	\$531,640
Positions other than permanent.....	646	999	399
Other personal services.....	4,585	6,286	7,952
Total personal services.....	423,485	592,004	539,991
02 Travel.....	12,355	24,700	24,300
03 Transportation of things.....	1,482	2,200	2,100
04 Communication services.....	12,927	18,080	17,630
05 Rents and utility services.....	38,749	191,870	192,628
06 Printing and reproduction.....	12,782	27,850	29,650
07 Other contractual services.....	9,014	10,540	7,200
Services performed by other agencies.....	14,637	8,075	8,075
08 Supplies and materials.....	15,395	16,520	8,500
09 Equipment.....	6,185	7,100	7,400
11 Grants, subsidies, and contributions.....	25,238	38,400	34,975
13 Refunds, awards, and indemnities.....	546	1,550	1,550
15 Taxes and assessments.....	264	461	351
Total obligations.....	573,059	939,350	874,350

SPECIAL ACTIVITIES

NOTE.—Funds estimated to be appropriated under this head are reflected in the schedules of the Commodity Credit Corporation fund.

Current authorizations:

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF SPECIAL ACTIVITIES

To reimburse the Commodity Credit Corporation for authorized unrecovered costs through June 30, 1959 (including interest through date of recovery), as follows: (1) \$63,875,000 under the International Wheat Agreement Act of 1949, as amended (7 U. S. C. 1641-1642); (2) \$104,508,000 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954, as amended (7 U. S. C. 1703, 1721-1724); (3) \$968,016,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of July 10, 1954, as amended (7 U. S. C. 1701-1709); (4) \$35,000 for grain made available to the Secretary of the Interior to prevent crop damage by migratory waterfowl pursuant to the Act of July 3, 1956 (7 U. S. C. 442-446); (5) \$129,000,000 for strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products and transferred to the supplemental stockpile pursuant to Public Law 540, Eighty-fourth Congress (7 U. S. C. 1856); (6) \$1,056,500 for transfers to the appropriation "Diseases of animals and poultry" pursuant to authority contained under such head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959; and (7) \$1,607,000 for transfers to the appropriation "Marketing research and service" pursuant to the Act of August 31, 1951 (7 U. S. C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U. S. C. 473a, 511d). (72 Stat. 1790-1792.)

The funds and facilities of the Commodity Credit Corporation are utilized to carry out surplus-disposal programs and other special activities outside of the regular functions of the Corporation. Reimbursement to the

Corporation is authorized for its cost incurred in carrying out these activities.

Through 1958, appropriations to reimburse the Corporation for 1956 and prior years' costs under these special programs were included in the regular appropriations to the department for the second year following the year in which the costs were incurred. The 1957 costs were recovered through a supplemental appropriation in 1958. A proposed supplemental appropriation for 1959 in the amount of \$1,336,754,811 for 1958 costs and the 1960 estimate of \$1,268,097,500 for 1959 costs provide for an acceleration of the rate of recovery by the Commodity Credit Corporation to assure the availability of sufficient borrowing authority to conduct its mandatory price support operations. Reimbursement for 1960 costs of these special activities will be requested in a later budget.

Details for each activity are reflected in the schedules supporting the estimates for the Commodity Credit Corporation.

Proposed for later transmission:

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF SPECIAL ACTIVITIES

Under existing legislation, 1959.—The funds and facilities of the Commodity Credit Corporation are utilized to carry out surplus disposal programs outside of the regular functions of the Corporation. Reimbursement to the Corporation is authorized for its costs incurred in carrying out the programs. A supplemental appropriation for 1959 in the amount of \$1,336,754,811 is anticipated to reimburse the Commodity Credit Corporation for authorized 1958 costs and reflected in the Commodity Credit Corporation fund schedules for the following programs:

International Wheat Agreement (7 U. S. C. 1641-1642).
Emergency famine relief to friendly peoples (7 U. S. C. 1703, 1721-1724).

Sales of surplus agricultural commodities for foreign currencies (7 U. S. C. 1701-1709).

Grain for migratory waterfowl feed (7 U. S. C. 442-446).

Transfer of bartered materials to supplemental stockpile (7 U. S. C. 1856).

Animal disease eradication activities (7 U. S. C. 397, 21 U. S. C. 114c).

Grading and classing activities (7 U. S. C. 414a, 473a, 511d).

COMMODITY CREDIT CORPORATION

Current authorizations:

RESTORATION OF CAPITAL IMPAIRMENT

To restore the capital impairment of the Commodity Credit Corporation determined by the appraisal of June 30, [1957] 1958, pursuant to section 1 of the Act of March 8, 1938, as amended (15 U. S. C. 713a-1), [\$1,760,399,886] \$1,535,424,413. (Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$1,760,399,886 Estimate 1960, \$1,535,424,413

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF SPECIAL ACTIVITIES

Estimate 1960, \$1,268,097,500

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION, NATIONAL
WOOL ACT

(Permanent indefinite)

Appropriation 1959, \$24,453,099 Estimate 1960, \$47,630,000

NOTE.—Expenditures from the following fund for 1959 are subject to the first paragraph of title II of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959. For 1960 this paragraph is shown in the Department of Agriculture chapter, p. 372, preceding Federal Crop Insurance Corporation fund.

Public enterprise funds:

COMMODITY CREDIT CORPORATION FUND

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK:			
1. Price support program (Commodity Credit Corporation nonrecourse loan, purchase, and payment programs):			
Direct loan commitments.....	\$763,385,324	\$1,281,035,495	\$787,563,100
Guaranteed loan commitments.....	1,362,299,537	2,365,200,000	1,269,100,000
Purchases of commodities and other obligations.....	1,516,177,451	1,643,626,000	2,767,010,218
Other obligations.....	1,634,865	1,313,500	1,283,500
Total price support program.....	3,643,497,177	5,291,174,995	4,824,956,818
2. Commodity export program: ¹			
Equalization payments.....	73,782,503	196,546,099	178,805,000
Purchases and other costs.....	18,606,678	20,300,000	20,300,000
3. Storage facilities program:			
Loan commitments.....	11,557,964	13,043,976	10,890,000
Purchases of storage facilities and equipment.....	385,686	35,000,000	30,000,000
Other expense.....	133,712	200,000	175,000
4. Supply and foreign purchase program.....	2,855,706	581,615	449,867
5. Special milk program: Payments.....	68,243,023	74,341,900	74,341,900
6. Undistributed expense:			
Administrative expenses, subject to limitation.....	33,875,335	39,532,000	41,594,000
Interest—Treasury.....	420,888,876	150,000,000	375,000,000
Other expense.....	11,918,095	10,949,226	14,279,550
Purchase of administrative equipment.....	458,826	800,000	400,000
Total price support, supply, and related programs and special milk.....	4,286,203,581	5,832,469,811	5,571,192,135
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION (see schedule):			
7. Costs:			
Commodities transferred from price support program.....	757,792,062	532,376,750	626,175,750
Other program and administrative expense.....	799,931,135	1,061,746,763	831,661,335
Interest on balance recoverable.....	82,544,719	25,685,005	26,451,915
Total program costs.....	1,640,267,916	1,619,808,518	1,484,289,000
8. Relation of costs to obligations: Increase in selected working capital (soil bank and other).....	-66,563,082	-99,649,583	-1,000,000
Totalspecial activities financed by Commodity Credit Corporation (obligations).....	1,573,704,834	1,520,158,935	1,483,289,000
Total program (obligations).....	5,859,908,415	7,352,628,746	7,054,481,135
Financing:			
Amounts becoming available:			
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK:			
Appropriation for restoration of capital impairment:			
Enacted or recommended in this document.....	1,239,788,671	1,760,399,886	1,535,424,413
Proposed for later transmission under existing legislation.....			575,000,000
Receipts and recoveries from operations:			
1. Price support program: Revenue and receipts:			
Repayment of loans:			
Direct: To Commodity Credit Corporation.....	432,998,397	734,002,862	479,343,300
Guaranteed: To lending agencies.....	73,022,893	26,400,000	5,600,000
Loans transferred to accounts receivable.....	778,748		
Sales of commodities ²	2,261,710,448	1,447,697,854	1,862,224,382
Other revenue and receipts.....	17,279,686	2,494,746	865,000
Recovery of prior year obligations.....	228,434,022	215,611,000	209,814,000
Total price support program.....	3,014,224,194	2,426,206,462	2,557,846,682

¹ Includes costs represented by the value of commodities transferred from price support program.

² Sales under the price support program include the value of (1) transfers of commodities to special activities financed by Commodity Credit Corporation, (2) transfers of commodities to commodity export program for resale or for delivery against payment-in-kind certificates, (3) transfers of strategic and critical materials acquired under barter contracts to the national and the supplemental stockpiles and (4) sales to processors under contracts providing that the Corporation will repurchase the commodities in another form.

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing—Continued			
Amounts becoming available—Con.			
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK—continued			
Receipts and recoveries from operations—Continued			
2. Commodity export program: Sales of commodities.....	\$13,630,199	\$14,400,000	\$14,400,000
3. Storage facilities program: Revenue and receipts:			
Repayment of loans:			
Direct: To Commodity Credit Corporation.....	9,510,733	12,060,000	13,100,000
Guaranteed: To lending agencies.....	1,985,616	1,140,000	
Loans transferred to accounts receivable.....	502,414	490,000	450,000
Sale of bin sites.....	1,650		
4. Supply and foreign purchase program: Revenue.....	8,537,466	822,917	514,558
5. Special milk program: Revenue (recoveries).....	2,103,837	1,226,027	1,108,900
6. Undistributed:			
Interest.....	98,012,670	47,632,000	36,540,000
Other.....	1,465,568	1,334,350	1,334,350
Recovery of prior year obligations.....	57,275,139	3,889,493	
Total receipts and recoveries from operations.....	3,207,249,486	2,509,201,249	2,625,294,490
Total price support, supply, and related programs and special milk.....	4,447,038,157	4,269,601,135	4,735,718,903
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION (see schedule):			
Appropriations:			
Reimbursement to Commodity Credit Corporation for costs of special activities.....	2,588,708,106	1,336,754,811	1,268,097,500
Reimbursement to Commodity Credit Corporation for costs incurred under soil bank programs:			
Appropriation.....	489,500,000		
Transferred from "Acreage reserve" (70 Stat. 188).....	78,000,000		
Reimbursement to Commodity Credit Corporation, National Wool Act (permanent indefinite authorization).....	29,671,679	24,453,099	47,630,000
Total appropriations.....	3,185,879,785	1,361,207,910	1,315,727,500
Transferred to "Marketing research and service" from "Reimbursement to Commodity Credit Corporation for costs of special activities" (72 Stat. 243).....	-11,427		
Total appropriations (adjusted).....	3,185,868,358	1,361,207,910	1,315,727,500
Unobligated balances no longer available:			
Reimbursement to Commodity Credit Corporation for costs of special activities.....	-3,632		
Reimbursement to Commodity Credit Corporation for costs incurred under soil bank programs.....	-1,573,139		
Total appropriations, net.....	3,184,291,587	1,361,207,910	1,315,727,500
Unobligated balance transferred from soil bank programs (authorization to expend from public debt receipts).....	19,247,133		
Revenue and receipts:			
Recovered from other than special appropriations to reimburse Commodity Credit Corporation.....	71,514,228	72,439,166	89,525,000
Repayment of loans for agricultural conservation purposes.....	16,200,000	22,500,000	37,500,000
Change in foreign currencies for sale, net.....	-2,244,890	39,735,347	9,897,000
Total revenue and receipts.....	85,469,338	134,674,513	136,922,000
Total special activities financed by Commodity Credit Corporation.....	3,289,008,058	1,495,882,423	1,452,649,500
Total amounts becoming available.....	7,736,046,215	5,765,483,558	6,188,368,403
Unobligated balance brought forward (authorization to expend from public debt receipts).....	586,881,987	2,463,019,787	875,874,599
Total amounts available.....	8,322,928,202	8,228,503,345	7,064,243,002
Unobligated balance carried forward (authorization to expend from public debt receipts).....	-2,463,019,787	-875,874,599	-9,761,867
Financing applied to program.....	5,859,908,415	7,352,628,746	7,054,481,135

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****COMMODITY CREDIT CORPORATION FUND—Continued**

The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

The Corporation has an authorized capital stock of \$100 million held by the United States, and authority to borrow up to \$14.5 billion.

Programs.—The budget is based on the following types of programs; (1) price support, (2) commodity export, (3) storage facilities, (4) supply and foreign purchase, (5) special milk program and (6) special activities.

Obligations and expenditures for these programs include primarily loans, purchases, purchase agreements, carrying charges, incentive and other payments, operating and interest expenses, and advances and current obligations incident to special activities as authorized by specific legislation.

Budget assumptions.—The Corporation's budget estimates for 1959 and 1960 are based on the general assumptions (a) that employment, production, and national income will rise moderately both in 1959 and 1960 from the present level; (b) that prices will change little, on the average, from the present level; (c) that developments in international relations will not be such as to affect Government civilian programs generally; (d) that exports of agricultural products generally will be at about the same level as during 1958; (e) that acreage allotments and marketing quotas will be in effect for the 1959 crops of peanuts, rice, wheat, and certain kinds of tobacco; (f) that since corn producers have voted to discontinue corn acreage allotments the support rate will be based on the average price received by farmers; (g) that half of the cotton producers will elect to retain their regular acreage allotments and obtain higher price support and the other half will elect to increase their acreage allotments and accept lower price support; (h) that yields for the 1959 field crops will equal the average yield of the past 3 years; and (i) that the percentage of estimated production of the 1959 field crops placed under price support will at least equal the average percentage of the production of the 1955 through 1957 crops actually placed under price support. Wheat, corn, feed grains, rice, and cotton are exceptions to the latter assumption. The Corporation's export program providing for the sale of grains and cotton for export from free markets rather than from Commodity Credit Corporation stocks is expected to result in less of these commodities being placed under support than would otherwise be the case. The estimates for those commodities, as well as soybeans, beans, flaxseed, and extra long staple cotton, represent the current outlook with respect to the proportion of production to be placed under support.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the year ending June 30, 1960. They are dependent upon weather conditions and all other factors affecting volume of production of crops not yet planted in this country and

abroad, economic conditions generally, food needs in occupied areas and other foreign countries, availability of dollar exchange, and other complex and unpredictable factors.

PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK

1. *Price support program.*—Price-support operations are carried out under the Corporation's charter powers (15 U. S. C. 714), in conformity with the Agricultural Act of 1949 (7 U. S. C. 1421), the Agricultural Act of 1954 (7 U. S. C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U. S. C. 1442), the Agricultural Act of 1958 and with respect to certain types of tobacco, in conformity with the act of July 28, 1945 as amended (7 U. S. C. 1312). Under the Agricultural Act of 1949, price support is mandatory for six basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities, namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

In all its price-support operations the Corporation utilizes normal trade facilities to the maximum extent practicable. In its lending activities the Corporation uses local banks, cooperatives, and other financial institutions. Commercial storage facilities are used to a great extent in the storage of loan collateral and in the storage of stocks acquired by the Corporation.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U. S. C. 1691), title I of the Agricultural Act of 1954, title II of the Agricultural Act of 1956, the Agricultural Act of 1958, and the act of August 19, 1958, in the case of cornmeal and wheat flour. Reimbursement for strategic and critical materials acquired in the Corporation's barter activities which are transferred under

title II of the 1956 act to the supplemental stockpile is obtained by appropriations authorized by such act. This is described under the heading Special activities. To the extent that price-support commodities are disposed of through the commodity export program and special activities, such as sales for foreign currencies, the furnishing of such commodities for various purposes, and similar operations, such disposals are for accounting purposes treated as price-support program disposals.

DATA ON PRICE-SUPPORT PROGRAM

	[In millions]		
	1958 actual	1959 estimate	1960 estimate
Loans made.....	\$2, 126	\$3, 646	\$2, 057
Loans repaid.....	506	760	485
Loan collateral forfeited.....	2, 006	2, 145	2, 554
Loans outstanding June 30.....	1, 575	2, 312	1, 330
Acquisitions.....	3, 683	3, 852	5, 444
Cost of goods sold.....	3, 093	2, 072	2, 785
Donations.....	366	351	321
Inventory as of June 30.....	5, 455	6, 798	9, 094
Investment in price support as of June 30.....	7, 030	9, 110	10, 424
Net expenditures.....	616	2, 928	2, 470
Realized losses.....	1, 007	799	1, 001

2. *Commodity export program.*—The Corporation promotes the export of agricultural commodities and products through sales, barter, payments, and other operations. Such commodities and products may be those held in private trade channels as well as those in Commodity Credit Corporation's inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949, the International Wheat Agreement Act of 1949 (7 U. S. C. 1641), the Agricultural Trade Development and Assistance Act of 1954, title I of the Agricultural Act of 1954 and title II of the Agricultural Act of 1956. In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954. However, other such transactions may be conducted under the charter authority.

Current obligations under the International Wheat Agreement and title I of the Agricultural Trade Development and Assistance Act of 1954 are paid by the Corporation subject to reimbursement from appropriations authorized for such purpose.

Currently, in addition to the exports under the International Wheat Agreement, Commodity Credit Corporation wheat is available for export trade under barter programs of Commodity Credit Corporation at competitive world prices and is also made available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free-market wheat outside the International Wheat Agreement and under this agreement. Cash payments are made on all exports of wheat flour either under the International Wheat Agreement or outside the agreement.

In order to encourage movement of cotton, corn, barley, grain sorghums, oats, rye, and rice from free market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks.

Cotton held in the Corporation's inventory is also sold for export on a competitive world price basis. The Corporation also conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw

cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

3. *Storage facilities program.*—This program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a) and (b). The Corporation (a) purchases and maintains (in storage deficient areas) granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) makes loans for the construction or expansion of farm-storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. *Supply and foreign purchase program.*—This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies, and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, sales or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with section 4 of the act of July 16, 1943 (15 U. S. C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of such act may involve losses if such are necessary to the accomplishment of the objectives of the particular operation.

The main activities now carried on are procurement of commodities for the International Cooperation Administration, and initial financing of certain programs authorized under the Defense Production Act to assure adequate supplies of strategic and critical materials. Most of the latter programs are currently in liquidation.

Loan operations.—The following table reflects the loan operations of the Corporation applicable to the preceding programs.

	1958 actual	1959 estimate	1960 estimate
Loans outstanding beginning of year:			
Commodity Credit Corporation.....	\$1, 633, 851, 214	\$1, 171, 908, 623	\$1, 973, 062, 600
Lending agencies.....	274, 937, 916	183, 547, 886	50, 740, 000
Certificates of interest.....	85, 517, 406	244, 499, 383	312, 000, 000
Total loans outstanding beginning of year.....	1, 994, 306, 536	1, 599, 955, 892	2, 335, 802, 600
Add loans made.....	2, 135, 419, 882	3, 658, 535, 004	2, 067, 873, 100
Deduct—			
Loans repaid.....	517, 517, 639	773, 602, 862	498, 043, 300
Acquisition of loan collateral.....	2, 005, 542, 362	2, 144, 635, 434	2, 553, 676, 100
Transfers to accounts receivable.....	1, 281, 162	490, 000	450, 000
Writeoffs.....	5, 429, 363	3, 960, 000	-----
Total loans outstanding end of year.....	1, 599, 955, 892	2, 335, 802, 600	1, 351, 506, 300

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

	1958 actual	1959 estimate	1960 estimate
Loans outstanding, end of year:			
Commodity Credit Corporation.....	\$1, 171, 908, 623	\$1, 973, 062, 600	\$1, 158, 806, 300
Lending agencies.....	183, 547, 886	50, 740, 000	4, 800, 000
Certificates of interest.....	244, 499, 383	312, 000, 000	187, 900, 000
Total loans outstanding, end of year.....	1, 599, 955, 892	2, 335, 802, 600	1, 351, 506, 300
Deduct allowance for losses.....	246, 983, 000	354, 987, 500	90, 416, 500
Loans receivable, net (price support and storage facilities).....	1, 352, 972, 892	1, 980, 815, 100	1, 261, 089, 800

Inventory operations.—The following table reflects the inventory operations applicable to the preceding programs.

AGRICULTURAL COMMODITIES	1958 actual	1959 estimate	1960 estimate
On hand, start of year.....	\$5, 228, 265, 139	\$5, 233, 987, 748	\$6, 541, 138, 641
Acquisitions:			
Forfeiture of loan collateral.....	2, 005, 529, 110	2, 144, 615, 434	2, 553, 666, 100
Excess of collateral acquired over loans cancelled.....	125, 309, 505	82, 555, 466	86, 737, 100
Purchases.....	630, 322, 502	663, 305, 869	1, 662, 979, 908
Transfers and exchanges.....	124, 741, 763	85, 618, 940	42, 000, 000
Carrying charges.....	598, 362, 022	690, 072, 833	848, 879, 077
Total acquisitions.....	3, 484, 264, 902	3, 666, 168, 542	5, 194, 262, 185
Dispositions:			
Donations to—			
Veterans Administration and Armed Forces.....	46, 817, 932	44, 698, 727	44, 697, 000
Emergency feed program.....	7, 085, 850	9, 670, 000	9, 675, 000
Needy persons, domestic.....	56, 775, 031	102, 169, 389	84, 269, 000
Needy persons, foreign (excluding title II, Public Law 480).....	254, 331, 534	193, 355, 555	181, 276, 000
Research, experimentation, education, etc.....	1, 215, 356	1, 217, 559	1, 216, 500
Total donations.....	366, 225, 703	351, 111, 230	321, 133, 500
Sales and transfers:			
Bartered for strategic materials.....	114, 852, 332	100, 766, 000	165, 566, 500
Special programs:			
International Wheat Agreement..	51, 560, 984	38, 500, 000	-----
Title I, Public Law 480.....	534, 256, 189	301, 442, 250	346, 620, 250
Title II, Public Law 480.....	88, 102, 981	63, 399, 500	54, 555, 500
Migratory waterfowl feed.....	18, 506	35, 000	-----
Total special programs.....	673, 938, 660	403, 376, 750	401, 175, 750
Commodity export program, payment-in-kind deliveries and other transfers.....	57, 487, 961	167, 615, 000	186, 905, 000
Other sales.....	1, 497, 263, 848	806, 645, 503	1, 124, 236, 690
Transfers and exchanges.....	140, 014, 816	86, 173, 239	42, 000, 000
Net loss on sales and transfers.....	628, 758, 973	443, 330, 927	675, 439, 560
Total, sales and transfers.....	3, 112, 316, 590	2, 007, 906, 419	2, 585, 323, 500
Total dispositions.....	3, 478, 542, 293	2, 359, 017, 649	2, 906, 457, 000
On hand, end of year.....	5, 233, 987, 748	6, 541, 138, 641	8, 828, 943, 826
Less allowance for losses.....	2, 143, 809, 098	2, 588, 822, 850	3, 168, 590, 000
On hand, end of year, net.....	3, 090, 178, 650	3, 952, 315, 791	5, 660, 353, 826
STRATEGIC AND CRITICAL MATERIALS			
On hand, start of year.....	143, 524, 209	221, 597, 154	257, 107, 154
Acquisitions:			
Delivered by barter contractors.....	195, 798, 847	180, 410, 000	242, 945, 000
Carrying charges.....	5, 056, 744	6, 400, 000	7, 500, 000
Total acquisitions.....	200, 855, 591	186, 810, 000	250, 445, 000
Dispositions:			
National stockpile and other agencies.....	27, 424, 859	16, 000, 000	7, 400, 000
Special program: Supplemental stockpile.....	83, 853, 403	129, 000, 000	225, 000, 000
Difference between cost and transfer value.....	11, 504, 384	6, 300, 000	10, 100, 000
Total dispositions.....	122, 782, 646	151, 300, 000	242, 500, 000
On hand, end of year.....	221, 597, 154	257, 107, 154	265, 052, 154
Less allowance for losses.....	2, 009, 000	5, 547, 000	6, 506, 000
On hand, end of year, net.....	219, 588, 154	251, 560, 154	258, 546, 154

5. *Special milk program.*—Public Law 85-478, approved July 1, 1958 (72 Stat. 276), authorized the use of not to exceed \$75 million annually through June 30, 1961, of Commodity Credit Corporation funds to increase the consumption of fluid milk by children in nonprofit

schools of high-school grade and under and in nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. The act further provides that amounts spent shall not be considered expended for the purpose of carrying out the price support program.

6. *Undistributed expenses.*—There are a number of expenses which are not allocated to a specific program. These include interest on the capital stock of the Corporation and on borrowings from Treasury, administrative expenses, and other miscellaneous costs, including expenses of the agricultural stabilization and conservation county committees, and Federal Reserve banks in connection with the Corporation's programs.

Administrative expenses are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in Commodity Credit Corporation activities, services performed by other agencies of the department, costs of audit, and payments to the General Services Administration for space in the District of Columbia and rent of field office space. Estimates for 1960 include a limitation of \$45,300,000 for costs of administration including a reserve of not less than 7% for contingencies. The requested authorization excludes administrative expenses in connection with the supply and foreign purchase program, the wool and mohair program under the National Wool Act of 1954, the International Wheat Agreement, and the sale of long staple cotton transferred from the national stockpile, since it is contemplated that full reimbursement will be received for these expenses. Such reimbursement will be obtained and used in 1960 in the same manner as in previous years.

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition (including inspection, classing, and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors and work performed on a contract basis by agricultural stabilization and conservation county committees) of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. Such expenses would include the fleet storage operation of the Maritime Administration conducted intermittently since 1949 and the services rendered by the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation.

SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION

7. *Special activities.*—These activities are carried out under authority of section 5 (g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may subsequently be enacted.

Except with respect to the activities set forth in items (11) and (12) where losses, if any, would be recovered through the general restoration of capital impairment, the Corporation receives reimbursement for costs of these activities through regular appropriations. Appropriations to reimburse the Corporation for 1956 and prior years' costs of such activities have been included in the regular appropriations to the Department for the second year

following the year in which the costs were incurred. The 1957 costs were recovered through supplemental appropriation in 1958. The proposed supplemental appropriation for later transmission in 1959 for 1958 costs and the 1960 estimate for 1959 costs provide for an acceleration of the time of recovery by the Commodity Credit Corporation to minimize the possibility that the Corporation will not have sufficient borrowing authority to conduct its mandatory price support operations. Reimbursement for 1960 costs will be requested in a later budget.

Activities currently being carried out are as follows:

(1) *International Wheat Agreement*—(7 U. S. C. 1641-1642).—This agreement, which was renewed for a period of 3 years effective August 1, 1956, operates to provide an assured market for wheat to exporting countries and assured supplies of wheat to importing countries, at stable and equitable prices. The maximum and minimum prices in the 1956 agreement are \$2 and \$1.50, respectively, for the basic grade of wheat, No. 1 Manitoba Northern, at the same basing point as in the prior agreement, Fort William/Port Arthur, Canada. The agreement total quantity represents about 31% of world trade in wheat, yet the 6 exporting member countries export inside and outside the agreement about 90% of all wheat moving in world trade.

Funds of Commodity Credit Corporation and its stocks of wheat are used to pay (a) the difference between the selling prices prevailing under the agreement and the domestic market price of wheat, and (b) administrative and interest costs. The payment of the differential between the prevailing sales price of wheat under the agreement and the market price is paid to the exporter in Commodity Credit Corporation stocks of wheat rather than in cash. A cash payment for this differential is made for flour. The estimate for 1960 of \$63,875,000 provides for reimbursing the Corporation for costs incurred in 1959 when an estimated 105 million bushels of wheat and wheat flour will be exported under the agreement. The following reflects the computation of the appropriations:

	Program year	
	1958	1959
Due at end of program year.....	\$79,901,610	\$63,875,000
Add interest to recovery.....	898,390	
Appropriation: 1959 supplemental and 1960.....	80,800,000	63,875,000

(2) *Emergency famine relief to friendly peoples*.—The Commodity Credit Corporation, through December 31, 1959, is directed, under title II of Public Law 480 (7 U. S. C. 1703, 1721-1724), to make its stocks of agricultural commodities available for emergency assistance to friendly peoples in meeting famine or other urgent relief requirements and to pay ocean freight charges for the shipment of donated commodities. Through June 30, 1958, commitments undertaken under this authority totaled \$461.5 million. Of this amount the value of commodities authorized for shipment totaled \$397 million, of which nearly three-quarters or \$291 million was for grain including rice. Actual commodity and freight costs incurred through June 30, 1958, were \$414 million. During 1959 and 1960, additional commodity and freight costs of \$104 million and \$93 million, respectively, are expected to be incurred under the program. Estimated costs in 1960 are pursuant to authorizations issued prior to December 31, 1959.

Appropriations are authorized for a maximum of \$800 million to reimburse the Corporation for its costs in carrying out the program. The estimate for 1960 of \$104,508,000 provides such reimbursement for operations during 1959.

It is estimated that total costs under this program will approximate \$627 million by June 30, 1960, and the following reflects the costs incurred in carrying out this program and the computation of the appropriations:

Fiscal year	Program expenditures	Interest	Total
1955.....	\$86,623,135	\$273,329	\$86,896,464
1956.....	91,277,033	2,307,966	93,584,999
1957.....	120,429,754	4,460,836	124,890,640
1958.....	116,001,011	5,444,617	121,445,628
1959 (estimate).....	103,730,000	2,104,102	105,834,102
1960 (estimate).....	93,000,000	1,395,000	94,395,000
Cumulative totals.....	611,060,933	15,985,900	627,046,833

	Program year		
	1958	1959	1960
Due at end of program year.....	\$117,943,898	\$104,508,000	\$94,395,000
Add interest to recovery.....	1,326,102		
Appropriation: 1959 supplemental, 1960 and 1961.....	119,270,000	104,508,000	94,395,000

(3) *Sales of surplus agricultural commodities for foreign currencies*.—Under the Agricultural Trade Development and Assistance Act (7 U. S. C. 1701-1709), surplus agricultural commodities are sold for foreign currencies. These currencies may then be used by the United States Government for agricultural market development, purchase of strategic materials, military equipment facilities and services for the common defense, payment of United States obligations, military family housing, international education exchange, acquisition of quarters abroad, participation in fairs and related activities, scientific activities, American-sponsored schools abroad, acquisition of buildings and grounds abroad for United States Government use, and loans for multilateral trade and economic development. If appropriations are available for a purpose for which foreign currencies are used, the agency must buy the currency for dollars which are used to reimburse the Commodity Credit Corporation. Through June 30, 1958, agreements had been signed with 37 countries for commodities representing an export market value of \$2,540.5 million. The major commodities included were wheat, cotton, and fats and oils which together amounted to 76% of the total value of the agreements. Through that date commodities with an export market value of about \$2,065 million had been shipped. The total dollar equivalent of foreign currencies deposited in the Treasury through June 30, 1958, amounted to \$2,097,659,452.

The act authorizes appropriations of not to exceed \$6.25 billion to reimburse the Corporation for its net costs in carrying out this program. The estimate in 1960 of \$968,016,000 covers estimated unreimbursed costs of operations through 1959 amounting to \$1,175,079,954 less \$207,063,954 representing the dollar equivalent of various foreign currencies received for agricultural commodities exported as of June 30, 1958, for which the Corporation may eventually be reimbursed in dollars or may be used for military housing with subsequent reimbursement from net rental receipts.

The following table reflects the net costs incurred by Commodity Credit Corporation by years:

Fiscal year	Program expenditures	Interest	Total
1955.....	\$129,164,632	\$355,528	\$129,520,160
1956.....	616,963,458	7,263,254	624,226,712
1957.....	1,361,973,711	34,399,782	1,396,373,493
1958.....	1,089,007,674	55,710,312	1,144,717,986
1959 (estimate).....	1,100,000,000	20,850,000	1,120,850,000
1960 (estimate).....	1,050,000,000	22,000,000	1,072,000,000
Cumulative totals.....	5,347,109,475	140,578,876	5,487,688,351
Deduct—			
Sales of currencies and rental collections.....	300,300,169		300,300,169
Due from Department of Defense.....	97,534,354		97,534,354
Net Commodity Credit Corporation costs.....	4,949,274,952	140,578,876	5,089,853,828
Appropriations through June 30, 1960.....			-3,996,849,225
Unreimbursed costs, June 30, 1960.....			1,093,004,603

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

The following reflects the computation of the appropriations:

	Program year		
	1958	1959	1960
Due at end of program year.....	\$1, 159, 984, 120	\$1, 175, 079, 954	\$1, 190, 538, 954
Less—			
Due from Department of Defense.....	31, 137, 792	60, 499, 354	97, 534, 354
Estimated to be recovered through sale of foreign currencies and net rental income from military housing.....	106, 829, 253	146, 564, 600	156, 461, 600
Add interest to recovery.....	11, 497, 925		
Appropriation: 1959 supplemental, 1960, and 1961.....	1, 033, 515, 000	968, 016, 000	936, 543, 000

The following reflects the utilization of the foreign currencies acquired under this program:

	[In millions]		
	1958	1959	1960
Foreign currency, start of year:			
Balance with Treasury.....	\$1, 085.3	\$1, 412.4	\$1, 708.1
Collection in transit to Commodity Credit Corporation.....	7.6	6.4	
Receivable from foreign governments.....	103.6	128.4	100.0
Total.....	1, 196.5	1, 547.2	1, 808.1
Commodities shipped: Commodity Credit Corporation cost:			
Commodity Credit Corporation-owned commodities.....	534.2	301.4	346.6
Private stocks financed by Commodity Credit Corporation.....	482.2	723.6	635.4
Ocean freight differential.....	23.6	25.0	23.0
Ocean transportation.....	49.0	50.0	45.0
Interest expense.....	55.7	20.9	22.0
Total Commodity Credit Corporation cost.....	1, 144.7	1, 120.9	1, 072.0
Deduct adjustment to export market value, including ocean transportation where applicable.....	433.8	399.3	380.0
Foreign currencies becoming due.....	710.9	721.6	692.0
Deduct foreign currency dispositions:			
Received from Treasury sales.....	70.8	70.2	85.0
Expended by Defense for military family housing.....	16.0	31.4	40.6
Expended by other agencies without reimbursement to Commodity Credit Corporation.....	236.3	334.1	522.7
Adjustment due to difference in exchange rates.....	37.1	25.0	30.0
Total dispositions.....	360.2	460.7	678.3
Foreign currency, end of year:			
Balance with Treasury.....	1, 412.4	1, 708.1	1, 731.8
Collections in transit to Commodity Credit Corporation.....	6.4		
Receivable from foreign governments.....	128.4	100.0	90.0
Total.....	1, 547.2	1, 808.1	1, 821.8
Less allowance for loss and future expenditures with reimbursement to Commodity Credit Corporation by special appropriations.....	1, 409.2	1, 601.0	1, 567.8
Recoverable from future sales of currencies and net receipts from military family housing.....	138.0	207.1	254.0

(4) *Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed.*—The Commodity Credit Corporation is directed to make available to the Secretary of the Interior through July 3, 1959 (7 U. S. C. 442–446), such grain acquired through price support operations and certified by the Commodity Credit Corporation to be available for such purposes or in such condition as to be undesirable for human consumption, as the Secretary of the Interior shall requisition.

During 1958, 260 tons of Commodity Credit Corporation grain, with an investment value of \$18,506 were transferred under this program. It is estimated that 400 tons of grain will be transferred in 1959 at a cost to Commodity Credit Corporation of \$35,000. The estimate for 1960 provides for reimbursement for operations during 1959.

(5) *Transfer of bartered materials to supplemental stockpile.*—The Commodity Credit Corporation is directed

under title II of the Agricultural Act of 1956 (7 U. S. C. 1856) to transfer strategic and other materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile or for other purposes, to the supplemental stockpile. The act authorizes appropriations to reimburse the Corporation for amounts equal to the market value of materials transferred.

During 1958 materials valued at \$82,250,335 were transferred under this program. An estimated \$129,000,000 worth of materials will be transferred in 1959 and \$225,000,000 in 1960. The estimate for 1960 provides for reimbursement for the 1959 transfers.

(6) *Animal disease eradication activities.*—The Commodity Credit Corporation advanced funds for eradication of foot-and-mouth and other contagious diseases of animals through June 30, 1959, pursuant to authority contained in annual appropriation acts and for eradication of brucellosis through June 30, 1958, under section 204 (e) of the act of August 28, 1954, as amended (7 U. S. C. 397). In 1959 a supplemental appropriation is anticipated to repay the Commodity Credit Corporation for advances for the eradication of vesicular exanthema of swine and brucellosis in 1958. An appropriation is being requested in 1960 to repay the Commodity Credit Corporation for advances for the eradication of vesicular exanthema of swine in 1959.

	Program year	
	1958	1959
Due at end of program year.....	\$19, 387, 681	\$1, 056, 500
Less refunds.....	214, 627	
Add interest to recovery date.....	217, 046	
Appropriation: 1959 supplemental and 1960.....	19, 390, 100	1, 056, 500

(7) *Grading and classing activities.*—The Commodity Credit Corporation makes advances to the Agricultural Marketing Service for classing and grading of agricultural commodities without charge to producers (7 U. S. C. 414a). Such advances used for classing cotton and grading tobacco not placed under price-support loan must be repaid from subsequent appropriations. A supplemental appropriation in 1959 is proposed for repaying advances received in 1958 and an appropriation for 1960 is proposed for repaying advances received in 1959.

	Program year		
	1958	1959	1960
Due at end of program year.....	\$1, 594, 928	\$1, 607, 000	\$1, 456, 000
Less refunds.....	100, 000		
Add interest to recovery date.....	15, 942		
Appropriation: 1959 supplemental, 1960, and 1961.....	1, 510, 870	1, 607, 000	1, 456, 000

(8) *Soil bank program.*—Pursuant to section 120 of the Agricultural Act of 1956 (7 U. S. C. 1808) the Secretary of Agriculture utilizes the services and facilities of the Corporation for carrying out the soil-bank program. Through June 30, 1957, funds of the Corporation were advanced for this program. A supplemental appropriation of \$567,500,000 was received in 1958 to reimburse the Corporation for such advances.

Beginning July 1, 1957, funds were advanced to the Corporation from the soil bank appropriation to finance the program.

(9) *National Wool Act.*—Under the provisions of the National Wool Act of 1954, as amended, incentive payments are being used to encourage the annual domestic production of approximately 300 million pounds of shorn wool. Support of prices of wool and mohair is mandatory. Incentive payments are made to eligible producers on a percentage basis, reflecting the amount required to bring the national average received by all producers up

to the announced incentive level. The incentive level shall not exceed 110% of parity.

COSTS OF THE NATIONAL WOOL ACT

	Fiscal year 1958 1956 marketing year	Fiscal year 1959 1957 marketing year	Fiscal year 1960 1958 marketing year
Volume of marketings:			
Shorn wool.....pounds..	248,823,100	156,000,000	286,363,600
Unshorn lambs.....cwt..	11,089,400	12,424,200	11,363,600
Incentive payments:			
Per pound, shorn wool.....cents..	17.7	8.3	22.0
Per hundredweight, unshorn lambs.....cents..	71.0	33.0	88.0
Incentive payments:			
Shorn wool.....	\$44,041,689	\$13,000,000	\$63,000,000
Unshorn lambs.....	7,873,459	4,100,000	10,000,000
Mohair.....			2,000,000
Total payments.....	51,915,148	17,100,000	75,000,000
Administrative expenses.....	2,327,852	2,885,000	2,885,000
Interest expense.....	2,939,448	1,111,000	3,053,000
Total.....	57,182,448	21,096,000	80,938,000

Total payments made under the National Wool Act cannot at any time exceed an amount equal to 70% of the accumulated totals, as of the same date, of the gross receipts from import duties collected on and after January 1, 1953, on wool and wool products. Actual and estimated payments compared with this limitation are as follows:

	1958 actual	1959 estimate	1960 estimate
70% of customs receipts on wool and wool products—cumulative from Jan. 1, 1953 (calendar years) (estimated).....	\$230,984,119	\$278,614,000	\$328,114,000
Cumulative incentive payments (fiscal years).....	109,524,533	126,624,533	201,624,533
Balance of limitation available.....	121,459,586	151,989,467	126,489,467

Funds of the Commodity Credit Corporation are used to carry on the wool incentive program. A permanent appropriation is provided to reimburse the Corporation, but the yearly amount is limited to 70% of all duties collected on wool and wool products during the preceding calendar year. Estimated costs and reimbursements to Commodity Credit Corporation during 1958, 1959 and 1960 are indicated in the following table:

	1958 actual	1959 estimate	1960 estimate
Due at beginning of year.....	\$61,292,352	\$88,803,121	\$85,446,022
Costs for year:			
Program.....	54,243,000	19,985,000	77,885,000
Interest.....	2,939,448	1,111,000	3,053,000
Total.....	57,182,448	21,096,000	80,938,000
Total due.....	118,474,800	109,899,121	166,384,022
Reimbursement to Commodity Credit Cor- poration.....	29,671,679	24,453,099	47,630,000
Due Commodity Credit Corporation at end of year.....	88,803,121	85,446,022	118,754,022
Less—			
Amount recovered from permanent appro- priation (70% of customs receipts).....	29,671,679	24,453,099	47,630,000
Balance due Commodity Credit Corpora- tion recoverable from subsequent year's customs receipts.....	34,678,343	13,362,923	21,624,022
Appropriation: 1959, 1960, and 1961....	24,453,099	47,630,000	49,500,000

(10) *Loans to Secretary of Agriculture for conservation program.*—Under section 391 (c) of the Agricultural Act of 1938, as amended (7 U. S. C. 1391), the Corporation advances funds to the Secretary in amounts not to exceed \$50 million annually to purchase conservation materials and services. Repayments of the loans plus interest are made as soon as practicable in the succeeding fiscal year from appropriated funds.

(11) *Military housing (Public Law 161, 84th Cong. (5 U. S. C. 1712-1)).*—During 1957 a contract was completed for the disposition of Commodity Credit Corporation-owned commodities valued at \$50 million for the construction of military housing in France with foreign currencies obtained from this transaction. Proceeds from rental and quarters allowances will be paid by the Defense

Department over a long period of years to reimburse the Corporation pursuant to Public Law 161.

(12) *Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation.*—Public Law 85-96, approved July 10, 1957 (71 Stat. 290), authorizes the transfer of 50,000 bales of domestically grown extra long-staple cotton from the national stockpile to the Corporation for sale. Proceeds less costs incurred, including administrative expenses, are covered into the Treasury as miscellaneous receipts.

8. *Relation of costs to obligations.*—The relationship is derived from year-end balances of soil bank program and transfer of long-staple cotton from national stockpile (see schedule).

FINANCING THE PROGRAMS

Financing.—The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guaranties to purchase notes or other obligations evidencing loans made by lending agencies, restoration of capital impairment, appropriations to reimburse the Corporation for costs of special activities, and receipts from operations.

Borrowing authority.—The Corporation has an authorized capital stock of \$100,000,000 held by the United States, and authority to borrow up to \$14,500,000,000.

Funds are borrowed from Treasury and may also be borrowed from private lending agencies. All bonds, notes, debentures and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the act of March 8, 1938 (15 U. S. C. 713a-4). Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. In connection with loan guaranties, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by lending agencies. A supplemental appropriation in 1959 to reimburse the Corporation for funds used for 1958 costs of special programs and certain advances to other agencies is proposed for later transmission.

On the basis of the budgetary assumptions heretofore described, the consequent estimated program requirements currently indicate a need for additional borrowing authority late in 1960. However, there are so many uncontrollable factors affecting the programs of the Corporation involving crops which have not even been planted, that estimates of the use of borrowing authority are highly tentative.

POSITION WITH RESPECT TO BORROWING AUTHORITY AS OF JUNE 30

	[In millions]		
	1958 actual	1959 estimate	1960 estimate
Statutory borrowing authority.....	\$14,500	\$14,500	\$14,500
Deduct—			
Borrowings from Treasury:			
Enacted or recommended in this document...	11,528	13,119	14,581
Proposed for later transmission under exist- ing legislation.....			—575
Net borrowings from Treasury.....	11,528	13,119	14,006
Obligations to purchase loans held by lending agencies (guaranteed by Commodity Credit Corporation).....	428	363	193
Total statutory borrowing authority out- standing.....	11,956	13,482	14,199
Net statutory borrowing authority available..	2,544	1,018	301

NOTE.—This table does not reflect the following charges: Accounts payable, accrued liabilities, and obligations outstanding other than obligations to purchase loans held by banks. These do not become charges against the statutory borrowing authority until they result in borrowings from Treasury or loans held by banks.

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

Restoration of capital impairment.—Pursuant to the act of March 8, 1938, as amended (15 U. S. C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine the net worth. If the net worth is less than \$100 million, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100 million the Corporation pays the surplus to the Treasury (15 U. S. C. 713a-2). The appraisal of assets is on the basis of cost to the Corporation. The capital impairment, therefore, represents realized losses. The realized losses reflected on the books of the Corporation for 1958 were \$1,535,424,413 provision for restoration of which is included in the 1960 estimates. A supplemental appropriation is anticipated in 1960 to partially restore the Corporation's estimated capital impairment as of June 30, 1959, and is shown under Proposed for later transmission.

Receipts from operations.—These include proceeds from sales of commodities, loan repayments, interest income, advances, reimbursements for special activities financed by the Corporation other than from special appropriations, and miscellaneous income, refunds, and collections.

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK			
Gross expenditures (funds applied):			
Price support program.....	\$3,328,863,003	\$5,112,352,945	\$4,812,582,818
Less commodity transfers to Special activities financed by Commodity Credit Corporation.....	757,792,062	532,376,750	626,175,750
Commodity export program.....	57,487,961	167,615,000	148,405,000
Price support program, net of transferred charges.....	2,513,582,980	4,412,361,195	4,038,002,068
Commodity export program: Expense.....	114,650,371	217,615,000	198,405,000
Storage facilities program:			
Acquisition of assets.....	9,433,403	49,190,828	41,210,000
Expense.....	133,712	200,000	175,000
Supply and foreign purchase program: Expense.....	2,855,706	581,615	449,867
Special milk program: Expense.....	68,243,023	74,341,900	74,341,900
Undistributed expenses:			
Administrative expense subject to limitation.....	33,875,335	39,532,600	41,594,000
Interest expense.....	420,888,876	150,000,000	375,600,000
Other.....	12,084,477	11,262,550	11,913,550
Total gross expenditures.....	3,175,747,883	4,955,085,088	4,781,091,385
Receipts from operations (funds provided):			
Price support program, net.....	1,897,487,256	1,484,203,712	1,567,851,932
Commodity export program: Revenue.....	13,630,199	14,400,000	14,400,000
Storage facilities program: Receipts from loans.....	10,013,147	12,550,000	13,550,000
Sale of bin sites.....	1,650		
Supply and foreign purchase program: Revenue.....	8,537,466	822,917	514,558
Special milk program: Revenue (recoveries).....	2,103,837	1,226,027	1,108,900
Undistributed: Interest and other revenue.....	99,478,238	48,966,350	37,874,350
Decrease in selected working capital.....	91,001,379	201,071,304	192,357,000
Total receipts from operations.....	2,122,253,172	1,763,240,310	1,827,656,740
Budget expenditures, price support, supply, and related programs and special milk.....	1,053,494,711	3,191,844,778	2,953,434,645

Sources and Application of Funds (Operations)—Continued

	1958 actual	1959 estimate	1960 estimate
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION (see schedule)			
Gross expenditures (funds applied):			
Commodities transferred from price support program.....	\$757,792,062	\$532,376,750	\$626,175,750
Other program and administrative expenses.....	695,668,053	924,597,180	821,161,335
Interest on balance recoverable.....	82,544,719	25,685,005	25,451,915
Increase in selected working capital (soil bank and other).....	66,563,082	99,649,583	1,000,000
Loans for agricultural conservation purposes.....	37,700,000	37,500,000	9,500,000
Total gross expenditures.....	1,640,267,916	1,619,808,513	1,484,289,000
Receipts from operations (funds provided):			
Recovered from other than special appropriations to reimburse Commodity Credit Corporation.....	71,514,228	72,439,166	89,525,000
Repayment of loans for agricultural conservation purposes.....	16,200,000	22,500,000	37,500,000
Total receipts from operations.....	87,714,228	94,939,166	127,025,000
Budget expenditures, special activities financed by Commodity Credit Corporation.....	1,552,553,688	1,524,869,352	1,357,264,000
Total net budget expenditures.....	2,606,048,399	4,716,714,130	4,310,693,645

Revenue, Expense, and Retained Earnings

PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK			
Price support program:			
Revenue.....	\$2,459,498,066	\$1,629,072,854	\$2,106,034,382
Expense.....	3,466,047,032	2,428,135,261	3,107,276,050
Net loss (—) (realized).....	—1,006,548,966	—799,062,407	—1,001,241,668
Increase (—) or decrease in allowance for losses (unrealized).....	295,891,341	—550,863,252	—316,155,150
Net operating loss (—), price support program.....	—710,657,625	—1,349,925,659	—1,317,396,818
Commodity export program:			
Revenue.....	13,630,199	14,400,000	14,400,000
Expense.....	114,650,371	217,615,000	198,405,000
Net operating loss (—) (realized), commodity export program.....	—101,020,172	—203,215,000	—154,005,000
Storage facilities program: Expense: Net operating loss (—) (realized), storage facilities program.....	—134,507	—200,000	—175,000
Supply and foreign purchase program:			
Revenue.....	8,537,397	822,917	514,558
Expense.....	2,748,529	782,649	464,450
Net operating income (realized), supply and foreign purchase program.....	5,788,868	40,268	50,108
Special milk program:			
Revenue.....	2,103,837	1,226,027	1,108,900
Expense.....	68,243,023	74,341,900	74,341,900
Net operating loss (—) (realized), special milk program.....	—66,139,186	—73,115,873	—73,233,000
Undistributed:			
Revenue.....	99,478,238	48,966,350	37,874,350
Expense.....	466,848,683	200,794,550	428,507,550
Net loss (—) (realized).....	—367,370,450	—151,828,200	—390,633,200
Increase (—) or decrease in allowance for losses (unrealized).....	1,074,176	2,564,318	—1,075,000
Net operating loss (—), undistributed.....	—366,296,274	—149,263,882	—391,708,200
Net loss (—) for the year:			
Realized.....	—1,535,424,413	—1,227,381,212	—1,649,237,760
Unrealized.....	296,965,517	—548,298,934	—317,230,150
Net loss (—) for the year, price support, supply, and related programs and special milk.....	—1,238,458,896	—1,775,680,146	—1,966,467,910

¹ Operation and maintenance costs applicable to owned structures are reflected as carrying charges on the commodities stored.

Revenue, Expense, and Retained Earnings—Continued

	1958 actual	1959 estimate	1960 estimate
PRICE SUPPORT, SUPPLY, AND RELATED PROGRAMS AND SPECIAL MILK—continued			
Analysis of deficit (—):			
Deficit (—), beginning of year.....	—\$5,712,600,490	—\$5,711,270,715	—\$5,726,550,975
Appropriation for restoration of capital impairment:			
Enacted or recommended in this document.....	1,239,788,671	1,760,399,886	1,535,424,413
Proposed for later transmission under existing legislation.....			575,000,000
Deficit (—), end of year, price support, supply, and related programs and special milk.....	—5,711,270,715	—5,726,550,975	—5,582,594,472
SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION			
Revenue:			
Reimbursements received.....	71,514,228	72,439,166	89,525,000
Other revenue.....	25,785,851	107,385,491	45,932,000
Total revenue.....	97,300,079	179,824,657	135,457,000
Expense.....	1,536,004,834	1,482,658,935	1,473,789,000
Net loss (—) for the year, special activities financed by Commodity Credit Corporation.....	—1,438,704,755	—1,302,834,278	—1,338,332,000
Deficit (—), beginning of year.....	—3,176,751,119	—1,411,917,154	—1,353,543,522
Reimbursement from special appropriations, net (see schedule).....	3,184,291,587	1,361,207,910	1,315,727,500
Return of funds by Secretary of Agriculture from soil bank programs (authorization to expend from public debt receipts).....	19,247,133		
Deficit (—), end of year, special activities financed by Commodity Credit Corporation.....	—1,411,917,154	—1,353,543,522	—1,376,148,022
Total deficit (—), end of year, all transactions of Commodity Credit Corporation.....	—7,123,187,869	—7,080,094,497	—6,958,742,494

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash with Treasury and in banks.....	\$26,961,333	\$22,854,999	\$25,308,267
Accounts receivable, net:			
Price support, supply, and related programs and special milk, net.....	320,113,770	179,290,000	142,204,000
Special activities financed by Commodity Credit Corporation.....	87,601		
Commodities under contract to purchase, net.....	29,164,000	13,428,000	13,428,000
Deferred and undistributed charges, net.....	6,100,175	4,775,000	5,566,000
Commodities for sale, net:			
Agricultural commodities.....	3,090,178,650	3,952,315,791	5,660,353,826
Strategic and critical materials.....	219,588,154	251,560,154	258,546,154
Total commodities for sale, net.....	3,309,766,804	4,203,875,945	5,918,899,980
Loans receivable, net:			
Price support and storage facilities loans.....	1,352,972,892	1,980,815,100	1,261,089,800
Loans for agricultural conservation purposes (special activities financed by Commodity Credit Corporation).....	22,500,000	37,500,000	9,500,000
Total loans receivable, net.....	1,375,472,892	2,018,315,100	1,270,589,800
Amounts recoverable from other appropriations (special activities financed by Commodity Credit Corporation):			
Sales of surplus agricultural commodities for foreign currencies:			
Due from foreign currencies to be sold.....	106,829,253	146,564,600	156,461,600
Due from Department of Defense for use of foreign currencies in military housing construction.....	31,137,792	60,499,354	97,534,354
Subtotal.....	137,967,045	207,063,954	253,995,954
Other.....	11,511,418	49,800,000	48,800,000
Total amounts recoverable from subsequent appropriations.....	149,478,463	256,863,954	302,795,954

Financial Condition—Continued

	1958 actual	1959 estimate	1960 estimate
Assets—Continued			
Land, structures, and equipment, net.....	\$152,197,505	\$173,917,505	\$188,977,505
Total assets.....	5,369,342,543	6,873,320,503	7,867,769,506
Liabilities:			
Loans and certificates held by lending agencies.....	428,047,269	362,740,000	192,700,000
Other current liabilities:			
Price support, supply, and related programs and special milk.....	332,745,959	367,675,000	524,812,000
Special activities financed by Commodity Credit Corporation.....	103,737,184	4,000,000	3,000,000
Total liabilities.....	864,530,412	734,415,000	720,512,000
Government investment:			
Interest-bearing capital:			
Start of year.....	13,483,000,000	11,628,000,000	13,219,000,000
Borrowings from Treasury during year, net.....	—1,855,000,000	1,591,000,000	887,000,000
End of year.....	11,628,000,000	13,219,000,000	14,106,000,000
Deficit (—):			
Price support, supply, and related programs and special milk:			
Net realized deficit (—).....	—3,295,824,299	—2,762,805,625	—2,301,618,972
Net unrealized deficit (—).....	—2,415,446,416	—2,963,745,350	—3,230,975,500
Total deficit (—), price support, supply, and related programs and special milk.....	—5,711,270,715	—5,726,550,975	—5,582,594,472
Total deficit (—), special activities financed by Commodity Credit Corporation.....	—1,411,917,154	—1,353,543,522	—1,376,148,022
Total deficit (—).....	—7,123,187,869	—7,080,094,497	—6,958,742,494
Total Government investment.....	4,504,812,131	6,138,905,503	7,147,257,506

Status of Certain Fund Balances

	1957 actual	1958 actual	1959 estimate	1960 estimate
Unexpended balance:				
Cash.....	\$44,682,341	\$26,961,333	\$22,854,999	\$25,308,267
Budget authorization:				
Enacted or recommended in this document.....	1,117,000,000	2,972,000,000	1,381,000,000	
Proposed for later transmission under existing legislation.....				494,000,000
Total unexpended balance.....	1,161,682,341	2,998,961,333	1,403,854,999	519,308,267
Obligated balance, net:				
Current liabilities:				
Loans and certificates held by lending agencies.....	360,455,322	428,047,269	362,740,000	192,700,000
Other current liabilities:				
Price support, supply, and related programs and special milk.....	404,286,195	332,745,959	367,675,000	524,812,000
Special activities financed by Commodity Credit Corporation:				
Unused soil bank advance.....		39,096,119	4,000,000	3,000,000
Other.....	170,212,665	64,641,065		
Obligations other than liabilities:				
Price support, supply, and related programs and special milk:				
Purchase agreements outstanding.....	118,549,000	69,484,000	90,000,000	57,000,000
Unrecorded claims.....	1,620,880	1,913,324	2,400,000	3,300,000
Approved declarations of sales for export.....	46,480,091	24,218,901	23,450,000	24,150,000
Farm storage facility and equipment loan commitments.....	1,002,590	2,825,533	3,570,000	3,250,000
Total, price support, supply, and related programs and special milk.....	167,652,561	98,441,768	119,420,000	87,700,000

COMMODITY CREDIT CORPORATION—Continued

Public enterprise funds—Continued

COMMODITY CREDIT CORPORATION FUND—Continued

Status of Certain Fund Balances—Continued

	1957 actual	1958 actual	1959 estimate	1960 estimate
Obligated balance, net—Continued				
Obligations other than liabilities—Con.				
Special activities financed by Commodity Credit Corporation:				
Letters of commitment	\$195,060,792	\$189,998,243	\$191,400,000	\$182,700,000
Approved declarations of sales for export	5,231,282	1,873,575		
Wool payment agreements	52,000,000	17,000,000	75,000,000	53,000,000
Total, special activities financed by Commodity Credit Corporation	252,292,074	208,871,818	266,400,000	235,700,000

Status of Certain Fund Balances—Continued

	1957 actual	1958 actual	1959 estimate	1960 estimate
Obligated balance, net—Continued				
Accounts receivable, net (—):				
Price support, supply, and related programs and special milk	—\$418,732,246	—\$320,113,770	—\$179,290,000	—\$142,204,000
Special activities financed by Commodity Credit Corporation		—87,601		
Foreign currencies for sale, net	—109,074,143	—106,829,253	—146,564,600	—156,461,600
Commitments included above which are reimbursable	—252,292,074	—208,871,818	—266,400,000	—235,700,000
Total obligated balance	574,800,354	535,941,546	527,980,400	509,546,400
Unobligated balance ¹	586,881,987	2,463,019,787	875,874,599	9,761,867

¹ Statutory obligations against borrowing authority include only borrowings from Treasury and obligations to purchase loans held by banks; other obligations, contingent liabilities, and commitments do not become charges against the statutory borrowing authority until they result in borrowings from Treasury or in loans held by banks.

NOTE.—In addition to obligations other than liabilities reflected in the status of certain fund balances the Corporation does not reflect in its accounts claims by the Corporation on which adequate proof has not been established and the outstanding guaranty and occupancy agreements for storage space.

SCHEDULE OF SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION

	Costs					Balance recoverable as of June 30 ¹				
	Balance recoverable as of July 1 ¹	Special appropriations to reimburse Commodity Credit Corporation (net) ²	Commodities transferred from price-support program	Other program and administrative expense	Interest on balance recoverable	Recovered from other than special appropriations	Net budget expenditures	Total	From special appropriations to reimburse Commodity Credit Corporation	From other appropriations
<i>Recoverable from specific appropriations</i>										
<i>"Reimbursement to Commodity Credit Corporation for costs of special activities."</i>										
International Wheat Agreement:										
1958	\$180,410,890	\$182,926,942	\$51,560,984	\$27,166,436	\$3,690,242		\$82,417,662	\$79,901,610	\$79,901,610	
1959	79,901,610	80,800,000	38,500,000	24,900,000	1,373,390		64,773,390	63,875,000	63,875,000	
1960	63,875,000	63,875,000								
Emergency famine relief to friendly peoples:										
1958	216,743,176	220,244,906	88,102,981	27,898,030	5,444,617		121,445,628	117,943,898	117,943,898	
1959	117,943,898	119,270,000	63,399,500	40,330,500	2,104,102		105,834,102	104,508,000	104,508,000	
1960	104,508,000	104,508,000	54,555,500	38,444,500	1,395,000		94,395,000	94,395,000	94,395,000	
Sales of surplus agricultural commodities for foreign currencies:										
1958	2,014,621,362	1,927,841,000	534,256,189	554,751,485	55,710,312	\$71,514,228	1,073,203,758	1,159,984,120	1,022,017,075	\$137,967,045
1959	1,159,984,120	1,033,515,000	301,442,250	798,557,750	20,850,000	72,239,166	1,048,610,834	1,175,079,954	968,016,000	207,063,954
1960 ³	1,175,079,954	968,016,000	346,620,250	703,379,750	22,000,000	88,525,000	983,475,000	1,190,538,954	936,543,000	253,995,954
Transfer of Commodity Credit Corporation grain to Interior for migratory waterfowl feed:										
1958	4,609	4,609	18,506				18,506	18,506	18,506	
1959	18,506	18,506	35,000				35,000	35,000	35,000	
1960	35,000	35,000								
Transfer of bartered materials to supplemental stockpile:										
1958	217,343,078	218,946,145	83,853,402				83,853,402	82,250,335	82,250,335	
1959	82,250,335	82,250,335	129,000,000				129,000,000	129,000,000	129,000,000	
1960	129,000,000	129,000,000	225,000,000				225,000,000	225,000,000	225,000,000	
Animal disease eradication activities:										
1958	37,122,545	37,520,442		19,210,471	575,107		19,785,578	19,387,681	19,387,681	
1959	19,387,681	19,390,100		832,748	226,171		1,058,919	1,056,500	1,056,500	
1960	1,056,500	1,056,500								
Grading and classing activities:										
1958	1,424,876	1,209,003		1,343,963	35,092		1,379,055	1,594,928	1,594,928	
1959	1,594,928	1,510,870		1,502,600	20,342		1,522,942	1,607,000	1,607,000	
1960	1,607,000	1,607,000		1,452,085	3,915		1,456,000	1,456,000	1,456,000	
Subtotal:										
1958	2,667,670,536	2,588,693,047	757,792,062	630,370,385	65,455,370	71,514,228	1,382,103,589	1,461,081,078	1,323,114,033	137,967,045
1959	1,461,081,078	1,336,754,811	532,376,750	866,123,598	24,574,005	72,239,166	1,350,835,187	1,475,161,454	1,268,097,500	207,063,954
1960	1,475,161,454	1,268,097,500	626,175,750	743,276,335	23,398,915	88,525,000	1,304,326,000	1,511,389,954	1,257,394,000	253,995,954
<i>"Reimbursement to Commodity Credit Corporation for costs incurred under soil bank program"</i>										
1958	571,024,093	565,926,861			14,149,901	[19,247,133]	14,149,901			
<i>"Reimbursement to Commodity Credit Corporation, National Wool Act"</i>										
1958	61,292,352	29,671,679		54,243,000	2,939,448		57,182,448	88,803,121	88,803,121	
1959	88,803,121	24,453,099		19,985,000	1,111,000		21,096,000	85,446,022	85,446,022	
1960	85,446,022	47,630,000		77,885,000	3,053,000		80,938,000	118,754,022	118,754,022	
Total recoverable from specific appropriations:										
1958	3,299,986,981	3,184,291,587	757,792,062	684,613,385	82,544,719	71,514,228	1,453,435,938	1,549,884,199	1,411,917,154	137,967,045
1959	1,549,884,199	1,361,207,910	532,376,750	886,108,598	25,685,005	72,239,166	1,371,931,187	1,560,607,476	1,353,543,522	207,063,954
1960	1,560,607,476	1,315,727,500	626,175,750	821,161,335	26,451,915	88,525,000	1,385,264,000	1,630,143,976	1,376,148,022	253,995,954

See footnotes at end of table, p. 371.

SCHEDULE OF SPECIAL ACTIVITIES FINANCED BY COMMODITY CREDIT CORPORATION—Continued

	Costs						Balance recoverable as of June 30 ¹			
	Balance recoverable as of July 1 ¹	Special appropriations to reimburse Commodity Credit Corporation (net) ²	Commodities transferred from price-support program	Other program and administrative expense	Interest on balance recoverable	Recovered from other than special appropriations	Net budget expenditures	Total	From special appropriations to reimburse Commodity Credit Corporation	From other appropriations
Recoverable from other appropriations or funds										
Military housing (Public Law 161, barter and exchange):										
1958-----	\$456,750	-----	-----	\$11,054,668	-----	-----	\$11,054,668	\$11,511,418	-----	\$11,511,418
1959-----	11,511,418	-----	-----	38,488,582	-----	\$200,000	38,288,582	49,800,000	-----	49,800,000
1960-----	49,800,000	-----	-----	-----	-----	1,000,000	-1,000,000	48,800,000	-----	48,800,000
Total recoverable included in revenue and expense statement:										
1958-----	3,300,443,731	\$3,184,291,587	\$757,792,062	695,668,053	\$82,544,719	71,514,228	1,464,490,606	1,561,395,617	\$1,411,917,154	149,478,463
1959-----	1,561,395,617	1,361,207,910	532,376,750	924,597,180	25,685,005	72,439,166	1,410,219,769	1,610,407,476	1,353,543,522	256,863,954
1960-----	1,610,407,476	1,315,727,500	626,175,750	821,161,335	26,451,915	89,525,000	1,384,264,000	1,678,943,976	1,376,148,022	302,795,954
Changes in selected working capital										
Transfer of long-staple cotton from national stockpile for sale by Commodity Credit Corporation:										
1958-----	-----	-----	-----	-486,507	-----	-----	-486,507	-486,507	-----	-486,507
1959-----	-436,507	-----	-----	486,507	-----	-----	486,507	-----	-----	-----
Soil bank:										
1958-----	-170,212,665	-----	-----	67,049,589	-----	-----	67,049,589	-103,163,076	-----	-103,163,076
1959-----	-103,163,076	-----	-----	99,163,076	-----	-----	99,163,076	-4,000,000	-----	-4,000,000
1960-----	-4,000,000	-----	-----	1,000,000	-----	-----	1,000,000	-3,000,000	-----	-3,000,000
Total changes in selected working capital:										
1958-----	-170,212,665	-----	-----	66,563,082	-----	-----	66,563,082	-103,649,583	-----	-103,649,583
1959-----	-103,649,583	-----	-----	99,649,583	-----	-----	99,649,583	-4,000,000	-----	-4,000,000
1960-----	-4,000,000	-----	-----	1,000,000	-----	-----	1,000,000	-3,000,000	-----	-3,000,000
Loans receivable										
Loans for agricultural conservation purposes:										
1958-----	1,000,000	-----	-----	37,700,000	-----	16,200,000	21,500,000	22,500,000	-----	22,500,000
1959-----	22,500,000	-----	-----	37,500,000	-----	22,500,000	15,000,000	37,500,000	-----	37,500,000
1960-----	37,500,000	-----	-----	9,500,000	-----	37,500,000	-28,000,000	9,500,000	-----	9,500,000
Total, special activities financed by Commodity Credit Corporation:										
1958-----	3,131,231,066	3,184,291,587	757,792,062	799,931,135	82,544,719	87,714,228	1,552,553,688	1,480,246,034	1,411,917,154	68,328,880
1959-----	1,480,246,034	1,361,207,910	532,376,750	1,061,746,763	25,685,005	94,939,166	1,524,869,352	1,643,907,476	1,353,543,522	290,363,954
1960-----	1,643,907,476	1,315,727,500	626,175,750	831,661,335	26,451,915	127,025,000	1,357,264,000	1,685,443,976	1,376,148,022	309,295,954

¹ Balances do not include amounts of obligations other than liabilities as follows:

	Balance as of June 30			
	1957 actual	1958 actual	1959 estimate	1960 estimate
International Wheat Agreement:				
Approved declarations of sales for export.....	\$5,231,282	\$1,873,575	-----	-----
Sales of surplus agricultural commodities for foreign currencies:				
Letters of commitment.....	195,060,792	189,998,243	\$191,400,000	\$182,700,000
National Wool Act:				
Wool payment agreements.....	52,000,000	17,000,000	75,000,000	53,000,000
Total.....	252,292,074	208,871,818	266,400,000	235,700,000

² Amounts shown for fiscal year 1959 are proposed supplemental appropriations except National Wool Act which is a permanent appropriation.³ The extension and increase of the Agricultural Trade Development and Assistance Act of 1954, proposed for later transmission, is estimated to require other program costs of \$50,000,000 which will result in a like increase in the balance recoverable as of June 30, 1960, from special appropriations to reimburse Commodity Credit Corporation.

NOTE.—Amount bracketed is not included in vertical totals.

LIMITATION ON ADMINISTRATIVE EXPENSES

Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: *Provided*, That not to exceed [\$35,398,000] \$45,300,000 shall be available for administrative expenses of the Corporation: *Provided further*, That \$1,000,000 of this authorization shall be available only to expand and strengthen the sales program of the Corporation pursuant to authority contained in the Corporation's charter: *Provided further*, That not less than 7 per centum of this authorization shall be placed in reserve to be appropriated pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such time as may become necessary to carry out program operations: *Provided further*, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof. (7 U. S. C. 442-446, 624, 1282, 1301, 1385, 1391c, 1421-1432, 1441-1449, 1691-1694, 1701-1709, 1721-1724, 1741-1747, 1808, 1813, 1851-1854, 1856-1857, 1859-1860; 15 U. S. C. 712a, 713a-10,

714-714p; 31 U. S. C. 841, 846-852, 866-868c, 869; 50 U. S. C. app. 1917; 71 Stat. 290, 632-633; 72 Stat. 241, 261-275, 276, 286-287, 296, 356, 532-535, 635, 646, 655, 988-996, 1790-1792; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Price support program.....	\$30,597,145	\$35,753,900	\$37,815,900
2. Storage facilities program.....	1,590,279	1,855,000	1,855,000
3. Commodity export program.....	1,095,636	1,265,000	1,265,000
Subtotal.....	33,283,060	38,873,900	40,935,900
4. Special milk program.....	592,275	658,100	658,100
Total administrative expenses.....	33,875,335	39,532,000	41,594,000
Financing:			
Unobligated balance no longer available...	1,522,665	535,000	3,706,000
Limitation.....	35,398,000	35,398,000	45,300,000
Proposed increase in limitation due to—			
Pay increases.....	-----	2,669,000	-----
Increased program volume.....	-----	2,000,000	-----

COMMODITY CREDIT CORPORATION—Continued**Public enterprise funds—Continued****LIMITATION ON ADMINISTRATIVE EXPENSES—Continued**

Object Classification					
	1958 actual		1959 estimate		1960 estimate
Total number of permanent positions.....	5, 094		5, 071		5, 493
Full-time equivalent of all other positions.....	61		80		80
Average number of all employees.....	4, 285		4, 743		5, 227
Number of employees at end of year.....	4, 273		4, 612		5, 077
Average GS grade and salary.....	5.9	\$4, 740	6.0	\$5, 312	6.0 \$5, 264
01 Personal services:					
Permanent positions.....	\$20, 399, 832		\$23, 623, 889		\$25, 306, 810
Positions other than permanent.....	210, 649		287, 934		287, 934
Other personal services.....	633, 407		618, 576		779, 484
Total personal services.....	21, 243, 888		24, 530, 399		26, 374, 228
02 Travel.....	846, 155		970, 000		1, 017, 000
03 Transportation of things.....	161, 652		175, 000		167, 000
04 Communication services.....	728, 838		794, 000		804, 000
05 Rents and utility services.....	2, 761, 415		4, 456, 000		4, 540, 000
06 Printing and reproduction.....	997, 668		1, 108, 000		1, 113, 000
07 Other contractual services.....	634, 213		586, 500		520, 500
Services performed by other agencies.....	4, 212, 040		4, 877, 900		4, 878, 700
08 Supplies and materials.....	1, 004, 417		492, 000		512, 000
11 Grants, subsidies, and contributions.....	1, 210, 572		1, 445, 000		1, 554, 000
13 Refunds, awards, and indemnities.....	48, 206		57, 000		62, 000
15 Taxes and assessments.....	26, 271		40, 201		51, 572
Total obligations.....	33, 875, 335		39, 532, 000		41, 594, 000

Proposed for later transmission:

Under existing legislation, 1960.—On the basis of the budgetary assumptions heretofore described, the consequent estimated program requirements currently indicate a need for additional borrowing authority late in 1960. In the event the program and financing develops as estimated, a supplemental appropriation is anticipated in the amount of \$575 million, to partially restore the Corporation's capital impairment as of June 30, 1959. This amount is reflected in the Commodity Credit Corporation fund schedules.

Under proposed legislation, 1960.—As indicated in the budget message, legislation will be proposed to extend the terminal date of title I of Public Law 480 to December 31, 1960, and increase the authorization from \$6.25 billion to \$7.75 billion. It is estimated that this increase of \$1.5 billion in the authorization will result in increased expenditures for the Commodity Credit Corporation of \$50 million in 1960. It is further proposed to extend to December 31, 1960, title II of Public Law 480, which authorizes famine relief and other assistance to friendly peoples.

CORPORATIONS

The following corporations and agencies are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the fiscal year [1959] 1960 for such corporation or agency, except as hereinafter provided: (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

FEDERAL CROP INSURANCE CORPORATION**Current authorizations:****OPERATING AND ADMINISTRATIVE EXPENSES**

For operating and administrative expenses, \$6,376,700. (7 U. S. C. 1501-1519; 31 U. S. C. 841, 846-852, 866-868c, 869;

Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$6,376,700

Estimate 1960, \$6,376,700

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Underwriting and actuarial analysis.....	\$806, 953	\$944, 000	\$1, 004, 000
2. Contract sales and servicing.....	4, 824, 333	4, 783, 000	4, 577, 000
3. Crop inspections and loss adjustments.....	742, 193	649, 700	795, 700
Total program costs, 1.....	6, 373, 479	6, 376, 700	6, 376, 700
4. Relation of costs to obligations: Obligations incurred for costs of other years (unpaid undelivered orders), net.....	3, 221		
Total program (obligations).....	6, 376, 700	6, 376, 700	6, 376, 700
Financing:			
Appropriation (new obligational authority).....	6, 376, 700	6, 376, 700	6, 376, 700

¹ Includes capital outlay as follows: 1958, \$52,719; 1959, \$47,000; 1960, \$47,000.

This appropriation relates to a portion of the administrative and operating expenses of the Corporation. The budget for insurance operations and other costs financed from capital funds appears below.

4. *Relation of costs to obligations.*—The year-end balances of unpaid undelivered orders are as follows: 1957, \$8,662; 1958, \$11,883; 1959, \$11,883; 1960, \$11,883.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	596	599	600
Full-time equivalent of all other positions.....	184	291	258
Average number of all employees.....	686	806	795
Number of employees at end of year.....	736	872	872
Average GS grade and salary.....	5.6 \$4, 637	5.9 \$5, 244	5.8 \$5, 276
01 Personal services:			
Permanent positions.....	\$2, 540, 967	\$2, 807, 964	\$2, 935, 248
Positions other than permanent.....	730, 241	1, 197, 340	1, 056, 565
Other personal services.....	9, 212	10, 851	21, 142
Total personal services.....	3, 280, 420	4, 016, 155	4, 012, 955
02 Travel.....	856, 223	1, 081, 400	1, 131, 200
03 Transportation of things.....	13, 853	20, 800	20, 800
04 Communication services.....	174, 981	214, 600	214, 600
05 Rents and utility services.....	201, 272	135, 000	135, 000
06 Printing and reproduction.....	88, 005	100, 000	100, 000
07 Other contractual services.....	32, 036	50, 700	50, 700
Agents' commissions.....	1, 376, 947	365, 745	313, 745
Services performed by other agencies.....	60, 530	65, 500	65, 500
08 Supplies and materials.....	56, 079	62, 000	62, 000
09 Equipment.....	59, 819	50, 000	50, 000
11 Grants, subsidies, and contributions.....	154, 892	183, 300	192, 000
13 Refunds, awards, and indemnities.....	4, 170	5, 000	5, 000
15 Taxes and assessments.....	17, 473	26, 500	23, 200
Total obligations.....	6, 376, 700	6, 376, 700	6, 376, 700

Public enterprise funds:**FEDERAL CROP INSURANCE CORPORATION FUND**

Not to exceed [\$2,000,000] \$2,330,000 of administrative and operating expenses may be paid from premium income. (7 U. S. C. 1516 (a); *Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Indemnities, by crop:			
Barley.....	\$66, 228	\$120, 000	\$680, 000
Beans.....	110, 413	45, 000	121, 000
Citrus.....	688, 587	10, 000	150, 000
Corn.....	1, 025, 425	927, 000	3, 078, 000
Cotton.....	592, 980	174, 000	946, 000
Flax.....	1, 265, 362	187, 000	460, 000
Grain sorghum.....			13, 000
Multiple crops.....	2, 785, 014	651, 000	924, 000
Oats.....			256, 000
Oranges.....		50, 000	123, 000

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
Indemnities, by crop—Continued			
Peaches.....	\$18,746	\$38,000	\$44,000
Soybeans.....	32,928	248,000	815,000
Tobacco.....	557,926	295,000	1,933,000
Wheat.....	4,858,873	1,498,000	11,462,000
Total indemnities.....	12,002,482	4,243,000	21,005,000
Inspection and adjustment costs.....	752,652	854,000	1,065,000
Administrative expenses.....	310,138	2,000,000	2,330,000
Proposed supplemental due to pay increases.....		330,000	
Other expense.....	263,761	277,000	300,000
Total program (costs—obligations).....	13,329,033	7,704,000	24,700,000
Financing:			
Amounts becoming available:			
Insurance premiums, by crop:			
Barley.....	189,976	318,000	800,000
Beans.....	107,316	131,000	142,000
Citrus.....	95,249	149,000	175,000
Corn.....	2,230,075	2,080,000	3,600,000
Cotton.....	1,107,221	761,000	1,107,000
Flax.....	514,477	412,000	540,000
Grain sorghum.....			15,000
Multiple crops.....	3,346,342	2,061,000	1,080,000
Oats.....			300,000
Oranges.....		115,000	145,000
Peaches.....	37,397	49,000	51,000
Soybeans.....	50,421	501,000	953,000
Tobacco.....	1,628,660	1,649,000	2,259,000
Wheat.....	8,107,226	9,451,000	13,433,000
Total premiums.....	17,414,360	17,677,000	24,600,000
Interest and other income.....	100,778	115,000	100,000
Prior year adjustments.....	30,781		
Total amounts becoming available.....	17,545,919	17,792,000	24,700,000
Unobligated balance brought forward.....	21,538,134	25,755,020	35,843,020
Total amounts available.....	39,084,053	43,547,020	60,543,020
Unobligated balance carried forward.....	-25,755,020	-35,843,020	-35,843,020
Financing applied to program.....	13,329,033	7,704,000	24,700,000

Purpose and financial organization.—The Federal Crop Insurance Corporation, a wholly owned Government corporation, was created on February 16, 1938 (7 U. S. C. 1501-1519), to carry out the provisions of the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for the research and experience helpful in devising and establishing such insurance. The Corporation provides all-risk insurance protection for the farmers' cost of producing crops against loss from unavoidable causes. Insurance programs since 1948 have been conducted on a limited basis in selected counties and on selected crops to obtain adequate actuarial data for the expansion of the program to a national basis.

Capital stock of \$100 million is authorized to be subscribed by the United States. As of June 30, 1958, the Secretary of the Treasury held receipts for \$40 million of the authorized stock, leaving \$60 million unissued.

Funds from the issuance of capital stock provide working capital for the Corporation. Receipts which are for deposit to this fund come mainly from premiums for insurance protection afforded farmers on their investment in the production of insured crops. The principal payments from this fund are for indemnities to farmers that suffer crop losses arising from causes against which crop insurance provides protection, the direct cost of adjusting losses, and part of the administrative and operating expenses. The annual appropriation for the major portion of the administrative and operating expenses of the Corporation is presented earlier in the budget.

Budget program.—The Corporation plans to continue the expansion of the program toward the final objective of a national program for all crops. For the 1959 crop year (fiscal year 1960), 192 new county programs have been

allocated, principally in the midwestern area. Of the new county programs, 39 are being offered in new counties and 153 in counties where insurance was available the previous year. By commodities, the new programs for the 1959 crop year are as follows:

Soybeans.....	58	Cotton.....	17
Barley.....	38	Tobacco.....	7
Corn.....	35	Flax.....	4
Wheat.....	30	Grain sorghum.....	3

The following table indicates the scope of the insurance program for 1958, 1959, and 1960. Amounts in the 1958 column are actual and pertain to the 1957 crop year. The 1959 column pertains to the 1958 crop year, and reflects the favorable growing conditions which prevailed in 1958. The 1960 column, covering the 1959 crop year, is estimated on a basis similar to that used in establishing premium rates.

	1958 fiscal year (1957 crop year) actual	1959 fiscal year (1958 crop year) estimate	1960 fiscal year (1959 crop year) estimate
Number of commodities insured.....	21	21	22
Number of counties.....	818	830	830
Estimated insurance outstanding (\$1,000), beginning of fiscal year.....	\$242,100	\$244,000	\$310,000
Number of crops insured.....	1,307,604	324,435	380,000
Premiums (\$1,000).....	\$17,414	\$17,677	\$24,600
Indemnities (\$1,000).....	\$12,002	\$4,243	\$21,005
Loss ratio.....	.69	.24	.85

¹ Contracts in force.

Financing.—It is anticipated that the current net operating deficit will gradually be offset by annual surpluses from operations. Due to net income realized in 1958 and anticipated for 1959, no additional funds are requested for 1960. However, an increase from \$2,000,000 to \$2,330,000 in the amount of administrative and operating expenses which may be paid from capital funds is proposed for 1959 and 1960 for pay act costs of the Corporation.

Operating results and financial condition.—Preliminary estimates for the 1958 crop year (1959 fiscal year) show premiums of \$17.7 million exceeding indemnities of \$4.2 million by \$13.4 million. This estimate is based on the assumption that normal growing conditions will prevail in insured areas during the remainder of the growing season. The following table summarizes the insurance operations for 1958, 1959, and 1960:

NET INCOME OR LOSS (—) ON INSURANCE OPERATIONS, BY COMMODITIES

[Fiscal years ending June 30, 1958, 1959, and 1960]

	1958 actual (1957 crop year)	1959 estimate (1958 crop year)	1960 estimate (1959 crop year)
Barley.....	\$123,748	\$198,000	\$120,000
Beans.....	-3,097	86,000	21,000
Citrus.....	-593,338	139,000	25,000
Corn.....	1,204,650	1,153,000	522,000
Cotton.....	514,241	587,000	161,000
Flax.....	-750,885	225,000	80,000
Grain sorghum.....			2,000
Multiple crops.....	561,328	1,410,000	156,000
Oats.....			44,000
Oranges.....		65,000	22,000
Peaches.....	18,651	11,000	7,000
Soybeans.....	17,493	253,000	138,000
Tobacco.....	1,070,734	1,354,000	326,000
Wheat.....	3,248,353	7,953,000	1,971,000
Premium surplus.....	5,411,878	13,434,000	3,595,000
Inspection and adjustment costs (—).....	-752,652	-854,000	-1,065,000
Administrative expenses chargeable to premium income (—).....	-310,138	-2,330,000	-2,330,000
Other expense, net (—).....	-132,202	-162,000	-200,000
Net income.....	4,216,886	10,088,000	-----

SUMMARY OF INSURANCE OPERATIONS AND ADMINISTRATIVE EXPENSES

Net income.....	\$4,216,886	\$10,088,000	-----
Funds appropriated for administrative costs.....	6,376,700	6,376,700	\$6,376,700
Total surplus or deficit (—).....	-2,159,814	3,711,300	-6,376,700

FEDERAL CROP INSURANCE CORPORATION—Con.**Public enterprise funds—Continued****FEDERAL CROP INSURANCE CORPORATION FUND—Continued****Sources and Application of Funds (Operations)**

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Indemnities.....	\$12,002,482	\$4,243,000	\$21,005,000
Insurance and adjustment costs.....	752,652	854,000	1,065,000
Administrative expenses charged to program operations.....	310,138	2,330,000	2,330,000
Chargeoff of premiums and other receivables.....	814,408	100,000	100,000
Increase in selected working capital.....			200,000
Total gross expenditures.....	13,879,680	7,527,000	24,700,000
Receipts from operations (funds provided):			
Insurance premiums.....	17,414,360	17,677,000	24,600,000
Interest on premium notes.....	100,245	115,000	100,000
Other income.....	533		
Adjustment of prior years.....	30,781		
Decrease in selected working capital.....	1,202,407	2,289,711	
Total receipts from operations.....	18,748,326	20,081,711	24,700,000
Budget expenditures.....	-4,868,646	-12,554,711	

Revenue, Expense, and Retained Earnings

Income.....	\$17,545,919	\$17,792,000	\$24,700,000
Expense.....	13,329,033	7,704,000	24,700,000
Net income for the year.....	4,216,886	10,088,000	
Deficit (-), beginning of year.....	-18,461,866	-14,244,980	-4,156,980
Deficit (-), end of year.....	-14,244,980	-4,156,980	-4,156,980

Financial Condition

Assets:			
Cash with Treasury.....	\$26,636,889	\$39,191,600	\$39,191,600
Accounts receivable, net.....	5,095,693	4,956,097	4,971,097
Total assets.....	31,732,582	44,147,697	44,162,697
Liabilities:			
Current.....	5,977,562	8,304,677	8,319,677
Government investment:			
Non-interest-bearing capital.....	40,000,000	40,000,000	40,000,000
Deficit (-).....	-14,244,980	-4,156,980	-4,156,980
Total Government investment.....	25,755,020	35,843,020	35,843,020

NOTE.—Excludes contingent liabilities representing actual and estimated insurance coverage on 1958, 1959, and 1960 crops in the following amounts: June 30, 1958, \$244,000,000, 1959, \$310,000,000, and 1960, \$328,000,000.

Status of Certain Fund Balances

	1957 actual	1958 actual	1959 estimate	1960 estimate
Unexpended balance:				
Cash with Treasury.....	\$21,768,243	\$26,636,889	\$39,191,600	\$39,191,600
Obligated balance, net:				
Current liabilities.....	3,768,795	5,977,562	8,304,677	8,319,677
Accounts receivable, net (-).....	-3,538,686	-5,095,693	-4,956,097	-4,971,097
Total obligated balance.....	230,109	881,869	3,348,580	3,348,580
Unobligated balance.....	21,538,134	25,755,020	35,843,020	35,843,020

Object Classification

	1958 actual	1959 estimate	1960 estimate
Average number of all employees.....	111	124	149
Number of employees at end of year.....	492	500	500
01 Personal services: Positions other than permanent.....	\$449,286	\$521,000	\$624,000
02 Travel.....	293,257	321,000	427,000
07 Other contractual services: Agents' commissions.....	310,138	2,330,000	2,330,000
13 Refunds, awards, and indemnities.....	12,002,482	4,243,000	21,005,000
15 Taxes and assessments.....	10,109	12,000	14,000
Undistributed.....	263,761	277,000	300,000
Total obligations.....	13,329,033	7,704,000	24,700,000

Intragovernmental funds:**ADVANCES AND REIMBURSEMENTS****Program and Financing**

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Underwriting and actuarial analysis.....	\$171	\$200	
2. Contract sales and servicing.....	1,503	1,800	
3. Crop inspections and loss adjustments.....	338	500	
Total obligations.....	2,012	2,500	
Financing:			
Advances and reimbursements from—			
Other accounts.....	1,511	1,000	
Non-Federal sources (40 U. S. C. 481 (c)).....	501	1,500	
Total financing.....	2,012	2,500	

Object Classification

Number of employees at end of year.....	0		
01 Personal services: Positions other than permanent.....	\$501		
06 Printing and reproduction.....	501	\$1,000	
09 Equipment.....	998	1,500	
15 Taxes and assessments.....	12		
Total obligations.....	2,012	2,500	

RURAL ELECTRIFICATION ADMINISTRATION**Current authorizations:**

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U. S. C. 901-924), as follows:

LOAN AUTHORIZATIONS

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3 (a) of said Act as follows: Rural electrification program, **[\$317,000,000]** \$136,000,000; and rural telephone program, **[\$67,500,000]** \$79,000,000; and additional amounts, not to exceed \$25,000,000 for each program, may be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year **[1959]** 1960 under the then existing conditions for the expeditious and orderly development of the rural electrification program and rural telephone program. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Rural electrification.....	\$241,636,869	\$275,000,000	\$245,000,000
2. Rural telephone.....	89,238,000	98,000,000	80,000,000
Total obligations.....	330,874,869	373,000,000	325,000,000
Financing:			
Unobligated balance brought forward (authorization to expend from public debt receipts).....	-171,570,037	-67,628,340	-107,353,340
Recovery of prior year obligations.....	-7,933,172	-3,225,000	-3,000,000
Unobligated balance carried forward (authorization to expend from public debt receipts).....	67,628,340	107,353,340	353,340
Unobligated balance of public debt receipts (reserve authorization available during year).....	20,000,000		
Authorization to expend from public debt receipts (new obligational authority).....	239,000,000	409,500,000	215,000,000

The Administration conducts two major programs: (a) the rural electrification program to provide electric service to farms and other rural establishments and (b) the rural telephone program to furnish and improve tele-

phone service in rural areas. Funds for making loans are borrowed from the Secretary of the Treasury.

1. *Rural electrification.*—This program is financed through loans which bear 2% interest and must be repaid within a period not to exceed 35 years. Loans are also made for shorter periods at 2% interest to electrification borrowers to be reloaned to their consumers for wiring and for the installation of electrical and plumbing appliances and equipment.

When the rural electrification program was initiated in 1935, less than 11% of all farms had electric service. On June 30, 1958, about 95.4% of the farms were electrified. The major need for loan funds continues to be for system improvements and the generation of power to satisfy the steadily increasing requirements of consumers.

STATUS OF THE ELECTRIFICATION PROGRAM

Program Financing

	1958 actual	1959 estimate	1960 estimate
Loan funds available:			
New loan authorization (including reserves).....	\$179,000,000	\$342,000,000	\$161,000,000
Carryover from prior year.....	139,972,861	63,350,637	107,350,637
Rescissions of prior loans.....	6,014,645	2,000,000	2,000,000
Total loan funds available.....	324,987,506	407,350,637	270,350,637
Less—			
Loans approved.....	241,636,869	275,000,000	245,000,000
Reserves not used.....	20,000,000	25,000,000	25,000,000
Balance to next year.....	63,350,637	107,350,637	350,637

Program Statistics

Cumulative net loans.....	\$3,772,577,652	\$4,045,577,652	\$4,288,577,652
Cumulative funds advanced.....	\$3,146,545,731	\$3,366,545,731	\$3,591,545,731
Unadvanced funds, end of year.....	\$626,031,921	\$679,031,921	\$697,031,921
Cumulative principal repaid.....	\$674,621,932	\$770,266,932	\$869,206,932
Cumulative interest paid.....	\$327,959,177	\$372,794,177	\$425,674,177
Cumulative miles energized.....	1,414,034	1,434,000	1,454,000
Cumulative consumers served.....	4,521,997	4,632,000	4,742,000
Number of borrowers.....	1,080	1,082	1,082

2. *Rural telephone.*—Loans are made for the purpose of financing the improvement, expansion, construction, acquisition, and operation of the telephone lines and facilities or systems to furnish and improve telephone service in rural areas. The loans bear 2% interest and must be repaid within a period not to exceed 35 years.

In 1950, when the telephone program started, the Census of Agriculture showed 38.2% of all farms with telephone service, fewer in both number and percentage than in 1920. Approximately 60% of the farms now have telephone service. Cumulative Rural Electrification Administration loans through June 30, 1958, will eventually provide initial or improved service to an estimated 1,020,454 rural subscribers.

STATUS OF THE TELEPHONE PROGRAM

Program Financing

	1958 actual	1959 estimate	1960 estimate
Loan funds available:			
New loan authorization (including reserves).....	\$60,000,000	\$92,500,000	\$104,000,000
Carryover from prior year.....	31,597,176	4,277,703	2,703
Rescissions of prior loans.....	1,918,527	1,225,000	1,000,000
Total loan funds available.....	93,515,703	98,002,703	105,002,703
Less—			
Loans approved.....	89,238,000	98,000,000	80,000,000
Reserves not used.....			25,000,000
Balance to next year.....	4,277,703	2,703	2,703

Program Statistics

Cumulative net loans.....	\$478,459,015	\$575,234,015	\$654,234,015
Cumulative funds advanced.....	\$309,608,665	\$404,608,665	\$504,608,665
Unadvanced funds, end of year.....	\$168,850,350	\$170,625,350	\$149,625,350
Cumulative principal repaid.....	\$7,863,513	\$11,738,513	\$17,148,513
Cumulative interest paid.....	\$5,545,439	\$9,290,439	\$15,260,439
Route miles of line constructed or improved, cumulative.....	144,556	190,000	235,000
Subscribers served, new and improved service, cumulative (estimated).....	597,000	797,000	997,000
Number of borrowers.....	611	681	751

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
For the fiscal year:			
Lending operations:			
Interest income.....	\$53,685,152	\$57,688,600	\$62,235,900
Expense:			
Interest expense (statutory rates) ¹	52,154,932	56,073,300	60,951,300
Provision for possible losses on loans.....	860,521	1,036,000	1,111,000
Total expense.....	53,015,453	57,109,300	62,062,300
Net difference ¹	669,699	579,300	173,600
Administrative expenses (provided by annual appropriations): Salaries and expenses.....	9,067,861	9,614,026	9,632,000
Cumulative to end of fiscal year:			
Lending operations:			
Interest income.....	470,941,022	528,629,622	590,865,522
Expense:			
Interest expense (statutory rates) ¹	413,735,097	469,808,397	530,759,697
Provision for possible losses on loans.....	8,164,132	9,200,132	10,311,132
Losses on foreclosed loans.....	44,478	44,478	44,478
Total expense.....	421,943,707	479,053,007	541,115,307
Net difference ¹	48,997,315	49,576,615	49,750,215
Administrative expenses (provided by annual appropriations): Salaries and expenses.....	115,794,850	125,408,876	135,040,876

¹ Does not take into consideration the interest costs incurred by Treasury in excess of the amount received from Rural Electrification Administration for funds made available to finance Rural Electrification Administration lending programs.

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Loans and interest receivable, net.....	\$2,902,896,749	\$3,130,649,327	\$3,363,974,227
Cash on hand.....	1,961,726	500,000	500,000
Cash on deposit with Treasury.....	15,548,728	10,208,374	10,208,374
Travel advances to employees and miscellaneous receivables.....	111,536	104,500	104,500
Total assets.....	2,920,518,739	3,141,462,201	3,374,787,101
Liabilities:			
Current.....	1,124,310	789,300	789,300
Government investment:			
Borrowings from Treasury.....	2,727,751,650	2,948,463,200	3,181,614,500
Appropriated administrative funds, net.....	115,820,448	125,422,096	135,054,096
Appropriated loan funds, net.....	142,619,866	142,619,866	142,619,866
Net difference between income and expense (see above).....	48,997,315	49,576,615	49,750,215
Administrative expenses (—).....	—115,794,850	—125,408,876	—135,040,876
Total Government investment.....	2,919,394,429	3,140,672,901	3,373,997,801

NOTE.—Undisbursed loan commitments outstanding are as follows: June 30, 1957, \$760,132,879; 1958, \$794,882,271; 1959, \$849,657,271; 1960, \$846,657,271.

Object Classification

	1958 actual	1959 estimate	1960 estimate
16 Investments and loans.....	\$330,874,869	\$373,000,000	\$325,000,000

SALARIES AND EXPENSES

For administrative expenses, including not to exceed \$500 for financial and credit reports, and not to exceed \$150,000 for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), **[\$9,019,000] \$9,632,000.** (5 U. S. C. 511–512; 7 U. S. C. 901–924; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$9,019,000

Estimate 1960, \$9,632,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Administration of rural electrification program.....	\$4,541,028	\$4,770,700	\$4,770,700
2. Administration of rural telephone program.....	4,497,519	4,861,300	4,861,300

RURAL ELECTRIFICATION ADMINISTRATION— Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
3. 1959 program obligated in 1958.....	\$30,352	—\$30,352	-----
Total obligations.....	9,068,899	9,601,648	\$9,632,000
Financing:			
1959 appropriation available in 1958.....	—30,352	30,352	-----
Unobligated balance no longer available.....	17,858	-----	-----
New obligational authority.....	9,056,405	9,632,000	9,632,000
New obligational authority:			
Appropriation.....	\$9,030,950	\$9,019,000	\$9,632,000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	25,455	-----	-----
Appropriation (adjusted).....	9,056,405	9,019,000	9,632,000
Proposed supplemental due to pay increases.....	-----	613,000	-----

The Administration makes loans for the extension and improvement of electric and telephone services in rural areas. Business management and technical help is furnished borrowers where needed to protect the Government's loan security and to assure that construction and operation of their systems conform to approved standards and are adequate to provide continuous and reliable service.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	1,069	1,069	1,069
Full-time equivalent of all other positions.....	3	3	3
Average number of all employees.....	1,002	1,019	1,011
Number of employees at end of year.....	1,044	991	991
Average GS grade and salary.....	9.2 \$6,628	9.2 \$7,361	9.2 \$7,391
01 Personal services:			
Permanent positions.....	\$6,967,931	\$7,541,605	\$7,512,525
Positions other than permanent.....	39,122	45,000	45,000
Other personal services.....	33,995	32,875	61,955
Total personal services.....	7,041,048	7,619,480	7,619,480
02 Travel.....	1,054,117	1,055,000	1,058,230
03 Transportation of things.....	28,765	29,000	29,000
04 Communication services.....	109,654	113,000	113,000
05 Rents and utility services.....	31,570	12,780	12,780
06 Printing and reproduction.....	100,992	98,000	98,000
07 Other contractual services.....	45,026	41,600	41,600
Services performed by other agencies.....	41,337	40,700	40,700
08 Supplies and materials.....	50,212	45,000	45,000
09 Equipment.....	88,950	83,230	80,000
11 Grants, subsidies, and contributions.....	430,655	478,250	478,250
13 Refunds, awards, and indemnities.....	13,685	13,000	13,000
15 Taxes and assessments.....	2,536	2,960	2,960
1959 program obligated in 1958.....	30,352	—30,352	-----
Total obligations.....	9,068,899	9,601,648	9,632,000

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Administration of rural electrification program.....	\$6,883	\$1,990	-----
2. Administration of rural telephone program.....	6,933	2,010	-----
Total obligations.....	13,816	4,000	-----

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing:			
Advances and reimbursements from—			
Other accounts.....	\$4,976	\$4,000	-----
Non-Federal sources (40 U. S. C. 481 (c)).....	8,840	-----	-----
Total financing.....	13,816	4,000	-----

Object Classification

	1	1	
	0	0	
Average number of employees.....			-----
Number of employees at end of year.....			-----
Average GS grade and salary.....	4.8 \$4,252	4.4 \$4,535	-----
01 Personal services: Permanent positions.....	\$4,656	\$4,000	-----
09 Equipment.....	8,840	-----	-----
11 Grants, subsidies, and contributions.....	320	-----	-----
Total obligations.....	13,816	4,000	-----

FARMERS' HOME ADMINISTRATION

Current authorizations:

To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1000–1031); the Farmers' Home Administration Act of 1946 (7 U. S. C. 1001, note; 31 U. S. C. 82h; 12 U. S. C. 371; 35 D. C. Code 535; 60 Stat. 1062–1080); the Act of July 30, 1946 (40 U. S. C. 436–439); the Act of August 28, 1937, as amended (16 U. S. C. 590r–590x—3), for the development of facilities for water storage and utilization in the arid and semiarid areas of the United States; the provisions of title V of the Housing Act of 1949, as amended (42 U. S. C. 1471–1483), relating to financial assistance for farm housing; the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U. S. C. 440–444); the items "Loans to farmers, 1948 flood damage" in the Act of June 25, 1948 (62 Stat. 1038), and "Loans to farmers, property damage" in the Act of May 24, 1949 (63 Stat. 82); the collecting and servicing of credit sales and development accounts in water conservation and utilization projects (53 Stat. 685, 719), as amended and supplemented (16 U. S. C. 590y, z—1 and z—10); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (7 U. S. C. 1033–1039), as follows:

LOAN AUTHORIZATIONS

For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of security of obligations under the foregoing several authorities, except that such advances under title V of the Housing Act of 1949, as amended, shall be made from funds obtained under section 511 of that Act, as amended): Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, **[\$24,000,000] \$12,000,000**, of which not to exceed \$2,500,000 may be distributed to States and Territories without regard to farm population and prevalence of tenancy, in addition to the amount otherwise distributed thereto, for loans in reclamation projects and to entrymen on unpatented public land; title II of the Bankhead-Jones Farm Tenant Act, as amended, **[\$180,000,000] \$160,000,000**; the Act of August 28, 1937, as amended, **[\$5,500,000] \$1,000,000**: *Provided*, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952: *Provided further*, That an additional amount, not to exceed \$20,000,000, may be borrowed under the same terms and conditions to the extent that such amount is required during fiscal year 1959 under the then existing conditions for the expeditious and orderly conduct of the loan programs under the Bankhead-Jones Farm Tenant Act, as amended, not to exceed \$5,000,000 of which shall be available for loans under title I and section 43 of title IV of such Act, as amended. (72 Stat. 840–843; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Farm ownership loans.....	\$23,998,086	\$24,000,000	\$12,000,000
2. Farm operating loans.....	175,789,583	180,000,000	160,000,000
3. Soil and water conservation loans.....	4,563,096	5,500,000	1,000,000
4. Farm housing loans.....	33,065,871	60,000,000	12,000,000
Total obligations.....	237,416,636	269,500,000	185,000,000
Financing:			
Unobligated balance brought forward (authorization to expend from public debt receipts).....	-430,139,387	-397,459,316	-337,459,316
Recovery of prior year obligations.....	-385,800		
Unobligated balance carried forward (authorization to expend from public debt receipts).....	397,459,316	337,459,316	325,459,316
Unobligated balance no longer available.....	5,149,235		
Authorization to expend from public debt receipts (new obligational authority).....	209,500,000	209,500,000	173,000,000

The Administration makes and insures loans to farmers unable to secure credit from other sources at reasonable rates.

The total borrowing authorization requested for loans amounts to \$173,000,000 a reduction of \$36,500,000 below the regular authorization for 1959. The amount of \$20,000,000 available in 1959 as a contingency authorization for farm ownership and farm operating loans, will not be required in 1960. It is proposed to borrow \$12,000,000 in 1960 under existing authority for farm housing loans.

In addition to the direct loans, farm ownership and soil and water conservation loans advanced by private lenders will be insured within the annual statutory insurance authority of \$125 million for farm ownership and \$25 million for soil and water conservation loans. Contingent liabilities for these insured loans are reflected in the farm tenant mortgage insurance fund schedules.

1. *Farm ownership loans.*—Direct farm ownership loans are made to tenants, sharecroppers, farm laborers, owners of inadequate farms, and eligible veterans for the purchase or improvement of family-type or less-than-family-type farms. Loans may be made to farm owners for the refinancing of secured or unsecured indebtedness. These loans may be made up to the fair value of the farm (normal market value on less than family-type farms to owner-operators with off-farm income) at not to exceed 5% interest up to 40 years. Farm ownership and farm housing loans made with funds advanced by private lenders are insured by the Government up to 90% of the value of the farm for 40 years at not more than 4% interest, plus 0.5% as an insurance premium, and 0.5% as an administrative expense charge. The Administration services these insured loans, makes collections, and pays the lender.

FARM OWNERSHIP LOANS

	1958 actual		1959 estimate		1960 estimate	
	Number	Amount	Number	Amount	Number	Amount
Number of applications.....	23,071		23,675		18,700	
Direct loans.....	1,865	\$23,998,086	1,860	\$24,000,000	1,051	\$12,000,000
Insured loans.....	2,025	26,270,172	3,210	42,000,000	3,125	42,000,000

2. *Farm operating loans.*—Direct loans are made for periods up to 7 years at 5% interest in amounts up to \$10,000, with a limitation of \$20,000 on the total principal indebtedness, to provide reasonable farm and home credit for the purchase of livestock, feed, seed, farm equipment and other farm necessities, including the refinancing of indebtedness to operators of not larger than family-type farms. In justifiable cases, loans may be made beyond 7 years but not beyond 10 years.

FARM OPERATING LOANS

	1958 actual	1959 estimate	1960 estimate
Number of applications.....	121,021	110,610	102,610
Number of loans.....	76,876	76,020	69,985
Amount.....	\$175,789,583	\$180,000,000	\$160,000,000

3. *Soil and water conservation loans.*—Direct and insured loans are made to farmers and associations for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Interest rates on these loans are set administratively at the same rates as farm ownership loans. In addition, at least 0.5% as an insurance premium and 0.5% as an administrative expense charge is collected on each loan. Loans are made for periods up to 20 years for individuals and 40 years for associations.

SOIL AND WATER CONSERVATION LOANS

	1958 actual		1959 estimate		1960 estimate	
	Number	Amount	Number	Amount	Number	Amount
Number of applications.....	1,989		1,800		1,700	
Direct loans:						
To individuals.....	593	\$2,840,197	925	\$4,460,000	165	\$740,000
To groups.....	40	1,722,899	25	1,040,000	10	260,000
Insured loans:						
To individuals.....	217	943,400	670	2,940,000	670	2,940,000
To groups.....	6	226,900	50	2,060,000	50	2,060,000

4. *Farm housing loans.*—Direct farm housing loans are made to farm owners for periods up to 33 years at 4% interest to construct, improve, alter, repair, or replace dwellings and other farm buildings. It is proposed to borrow \$12,000,000 under continuing authority of \$450,000,000 of which a balance of \$337,459,316 is estimated to be available at June 30, 1959.

FARM HOUSING LOANS

	1958 actual	1959 estimate	1960 estimate
Number of applications.....	15,326	24,040	18,040
Number of loans.....	4,944	8,710	1,915
Amount.....	\$33,065,871	\$60,000,000	\$12,000,000

COLLECTIONS OF PRINCIPAL AND INTEREST

Direct farm ownership loans.....	\$24,058,041	\$26,860,000	\$28,095,000
Farm operating loans.....	176,700,356	171,034,000	179,124,000
Direct soil and water conservation loans.....	3,768,493	4,020,000	4,185,000
Farm housing loans.....	11,224,511	14,400,000	19,600,000
Total.....	215,751,401	216,314,000	231,004,000

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
For the fiscal year:			
Lending operations:			
Income:			
Interest on loans.....	\$32,333,279	\$34,608,000	\$36,324,000
Other income.....	188,294	17,000	23,000
Total income.....	32,521,573	34,625,000	36,347,000
Expense:			
Interest on borrowings.....	6,177,545	7,900,000	9,100,000
Losses and writeoffs.....	16,615,939	14,700,000	11,643,000
Other expense.....	79,936		
Increase or decrease (—) in allowance for losses:			
Loans.....	-1,736,206	-172,637	346,270
Interest and other.....	-5,143,774	-3,564,036	-1,516,500
Depreciation.....	6,780		
Adjustment of prior year expense.....	-2,241,946		
Total expense.....	13,758,274	18,863,327	19,572,770
Net income from lending operations ¹	18,763,299	15,761,673	16,774,230
Administrative expenses (provided by annual appropriations).....	29,908,557	31,258,253	31,300,000
Cumulative to end of fiscal year:			
Lending operations:			
Net results of prior year operations ¹	130,888,021	149,651,320	165,412,993
Net income for the year ¹	18,763,299	15,761,673	16,774,230
Total lending operations ¹	149,651,320	165,412,993	182,187,223
Administrative expenses (provided by annual appropriations):			
Prior year expense.....	289,729,846	319,638,403	350,896,656
For the year.....	29,908,557	31,258,253	31,300,000
Total administrative expenses.....	319,638,403	350,896,656	382,196,656

¹ Does not take into consideration the interest costs incurred by Treasury on loan funds appropriated to Farmers' Home Administration.

FARMERS' HOME ADMINISTRATION—Continued

Current authorizations—Continued

LOAN AUTHORIZATIONS—Continued

Financial Condition			
	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash.....	\$23,277,775	\$16,714,380	\$18,945,380
Interest on loans and accounts receivable, net.....	23,332,180	24,875,659	26,335,659
Other current assets.....	190,496	190,496	190,496
Total current assets.....	46,800,451	41,780,535	45,471,535
Loans receivable.....	767,276,894	847,312,394	825,073,394
Allowance for losses on loans receivable (—).....	-82,282,639	-82,110,002	-82,456,272
Fixed property and equipment, net.....	2,485,250	2,485,250	2,485,250
Judgments and acquired security, net.....	1,288,439	1,352,996	1,445,496
Total assets.....	735,569,395	810,852,173	792,020,403
Liabilities:			
Current.....	4,368,046	2,787,299	2,785,299
Government investment:			
Borrowing from Treasury.....	248,651,383	309,711,488	274,107,488
Appropriations.....	465,670,476	496,970,476	528,270,476
Assets taken over from prior agencies, net.....	438,126,994	438,126,994	438,126,994
Results from lending operations, net.....	149,651,320	165,412,993	182,187,223
Administrative expenses (—).....	-319,638,403	-350,896,656	-382,196,656
Deposit of general and special fund revenue (—).....	-251,260,421	-251,260,421	-251,260,421
Total Government investment.....	731,201,349	808,064,874	789,235,104

Object Classification

16 Investments and loans.....	\$237,416,636	\$269,500,000	\$185,000,000
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SALARIES AND EXPENSES

For making, servicing, and collecting loans and insured mortgages, the servicing and collecting of loans made under prior authority, the liquidation of assets transferred to Farmers' Home Administration, and other administrative expenses, [\$29,089,500] \$31,300,000, together with a transfer of not to exceed [\$1,000,000] \$1,100,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1005 (b)), and section 10 (c) of the Act of August 28, 1937, as amended. (7 U. S. C. 1040; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$29,089,500 Estimate 1960, \$31,300,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Administration of direct and insured loan programs.....	\$30,971,579	\$32,300,000	\$32,300,000
2. 1959 program obligated in 1958.....	41,747	-41,747	
Total obligations.....	31,013,326	32,258,253	32,300,000
Financing:			
1959 appropriation available in 1958.....	-41,747	41,747	
Advances from "Farm tenant-mortgage insurance fund".....	-776,000	-1,000,000	-1,000,000
Unobligated balance no longer available.....	18,021		
New obligational authority.....	30,213,600	31,300,000	31,300,000
New obligational authority:			
Appropriation.....	\$29,089,500	\$29,089,500	\$31,300,000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	1,124,100		
Appropriation (adjusted).....	30,213,600	29,089,500	31,300,000
Proposed supplemental due to pay increases.....		2,210,500	

These moneys are used to administer the loan programs of the Farmers' Home Administration including reviewing applications, making and collecting loans, and providing

technical assistance and guidance to borrowers, as described under Loan authorizations.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	4,843	4,746	4,668
Full time equivalent of all other positions.....	467	449	450
Average number of all employees.....	5,081	5,068	5,002
Number of employees at end of year.....	10,371	10,200	10,160
Average GS grade and salary.....	6.0 \$4,789	6.3 \$5,330	6.3 \$5,361
01 Personal services:			
Permanent positions.....	\$23,261,833	\$24,671,815	\$24,490,675
Positions other than permanent.....	735,267	690,000	691,000
Other personal services.....	193,556	199,700	293,500
Total personal services.....	24,190,656	25,561,515	25,475,175
02 Travel.....	2,815,168	2,875,000	2,945,000
03 Transportation of things.....	116,463	125,000	115,000
04 Communication services.....	559,800	620,000	620,000
05 Rents and utility services.....	848,375	935,000	945,000
06 Printing and reproduction.....	143,153	150,000	150,000
07 Other contractual services.....	227,304	239,395	242,115
Services performed by other agencies.....	14,830	15,000	15,000
08 Supplies and materials.....	131,661	115,000	115,000
09 Equipment.....	461,522	50,000	70,000
11 Grants, subsidies, and contributions.....	1,432,930	1,583,855	1,577,495
13 Refunds, awards, and indemnities.....		200	200
Awards for employee suggestions.....	21,095	20,000	20,000
15 Taxes and assessments.....	8,622	10,035	10,015
1959 program obligated in 1958.....	41,747	-41,747	
Total obligations.....	31,013,326	32,258,253	32,300,000

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments from other accounts are included in the schedules of the parent appropriations as follows:
 "Mutual security," funds appropriated to the President.
 "Watershed protection," Soil Conservation Service.

Public enterprise funds:

DISASTER LOANS, ETC., REVOLVING FUND

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Capital outlay (obligations):			
1. Loan commitments:			
(a) Production emergency loans.....	\$51,020,407	\$45,000,000	\$45,500,000
(b) Economic emergency loans.....	3,558,170	2,500,000	1,000,000
(c) Special livestock loans.....	5,407,160	5,000,000	2,500,000
(d) Special emergency loans.....	3,598,539	6,000,000	
(e) Other loans.....	109,333		
2. Judgments and collateral acquired.....	26,464	33,000	45,400
Total, capital outlay.....	64,020,073	58,533,000	49,045,400
Operations (obligations):			
3. Emergency hay and roughage assistance.....	231,204		
4. Administrative expenses.....	4,100,227	4,414,200	4,299,200
5. Other expense.....	281,872	311,004	379,400
Total, operations.....	4,613,303	4,725,204	4,678,600
Total program (obligations).....	68,633,376	63,258,204	53,727,000
Financing:			
Amounts becoming available: Revenues and receipts:			
Repayments on loans.....	69,570,790	61,135,000	58,476,000
Proceeds from sale of acquired chattels.....	5,413		
Payments on judgments.....	65,245	100,000	140,000
Interest revenue.....	3,638,729	3,470,200	3,320,250
Other revenue.....	4,711	1,800	2,000
Total amounts becoming available.....	73,284,888	64,707,000	61,938,250
Unobligated balance brought forward.....	33,679,051	38,330,563	39,779,359
Total amounts available.....	106,963,939	103,037,563	101,717,609
Unobligated balance carried forward.....	-38,330,563	-39,779,359	-47,990,609
Financing applied to program.....	68,633,376	63,258,204	53,727,000

Purpose and financial organization.—This fund finances loans to farmers and stockmen in the event of disasters and

other emergencies, in areas where agricultural credit is not readily available. The fund is also available within statutory limits for emergency assistance in furnishing feed and seed in areas suffering major disasters. The fund was created by the transfer of the assets of the Regional Agricultural Credit Corporation of Washington which was abolished.

Budget program—1. *Loan commitments*—(a) *Production emergency loans*.—Loans are made to farmers and stockmen suffering production disasters at 3% interest.

(b) *Economic emergency loans*.—Loans are made at 3% interest in any economic disaster area declared by the President.

(c) *Special livestock loans*.—For 4 years after July 14, 1953, loans were authorized to be made at 5% interest to established livestock producers who had a reasonable chance of working out their difficulties with supplementary financing. Supplemental loans may be made for an additional 4 years after July 14, 1957, to individuals already indebted.

(d) *Special emergency loans*.—The authority to make special emergency loans up to a total of \$65 million will expire on June 30, 1959.

(e) *Other loans*.—Until June 30, 1958, loans at 5% interest were made to bona fide fur farmers where necessary to protect the Government's interest in existing loans which had been made by the Regional Agricultural Credit Corporation or other authorities.

3. *Emergency hay and roughage assistance*.—Assistance in purchasing hay and roughage was given to established farmers, ranchers, and stockmen in areas which were determined by the President to warrant assistance because of a major disaster. Programs were conducted in 1956 and 1957, but a similar program was not conducted in 1958 and none is anticipated in 1959 or 1960.

4. *Administrative expenses*.—The principal administrative expenses in each of the 3 years are related to the loan programs of the Farmers' Home Administration. These expenses are estimated at \$4,024,200 in both 1959 and 1960. Administrative expenses of the Commodity Stabilization Service are estimated at \$390,000 in 1959 and \$275,000 in 1960, all in connection with final audit of the emergency feed program conducted in previous years.

Financing the budget program.—No new budgetary authorization is required for 1960. Although a net loss of \$4 million is estimated on an accrual basis, net receipts of \$8.0 million are anticipated on a cash basis due to repayment of loans exceeding acquisitions.

During 1960, the program is wholly financed by receipts from operations.

Operating results and financial condition.—Revenue for 1960, consisting principally of interest on loans, is estimated at \$3.3 million, compared to expenses of \$7.3 million, resulting in an estimated loss of \$4 million. Net loss of \$3.6 million is estimated for 1959, and a net loss of \$2.9 million resulted in 1958 due primarily to losses on the loan programs.

Loans receivable, after allowance for losses, are expected to amount to \$68.2 million on June 30, 1960, as compared with \$80.6 million at June 30, 1959, and \$85.2 million on June 30, 1958.

The Government investment at June 30, 1960, is expected to be \$117.1 million, consisting of \$205.9 million appropriated and donated, less a deficit of \$88.8 million.

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Loan program:			
Acquisition of loans.....	\$64,462,633	\$58,845,511	\$48,897,000
Acquisitions in lieu of interest receivable:			
Collateral.....	1,344	1,000	1,400
Judgments taken.....	25,120	32,000	47,000
Expense.....	4,489,867	4,583,200	4,531,200
Increase in selected working capital.....	548,750	499,150	
Total gross expenditures.....	68,978,964	64,010,461	53,975,750
Receipts from operations (funds provided):			
Loan program:			
Repayments on loans.....	69,570,790	61,135,000	58,476,000
Acquired security or collateral.....	5,413		
Repayments on judgments.....	65,245	100,000	140,000
Revenue.....	3,643,440	3,472,000	3,322,250
Decrease in selected working capital.....	358,504		
Total receipts from operations.....	73,643,392	64,707,000	61,938,250
Budget expenditures.....	-4,664,428	-696,539	-7,962,500

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
Operating program:			
Revenue.....	\$3,643,440	\$3,472,000	\$3,322,250
Expense.....	6,565,026	7,026,241	7,322,600
Net operating loss (-).....	-2,921,586	-3,554,241	-4,000,350
Nonoperating income:			
Proceeds from disposition of collateral:			
Cash sales.....	5,413		
Exchanged for loans receivable.....	22,550	18,000	24,000
Total proceeds from disposition of collateral.....	27,963	18,000	24,000
Net book value of assets sold (-).....	-19,984	-15,000	-20,000
Net gain from disposition of collateral.....	7,979	3,000	4,000
Miscellaneous nonoperating income.....	304		
Net nonoperating income.....	8,283	3,000	4,000
Net loss (-) for the year.....	-2,913,303	-3,551,241	-3,996,350
Deficit (-), beginning of year.....	-78,324,443	-81,237,746	-84,788,987
Deficit (-), end of year.....	-81,237,746	-84,788,987	-88,785,337

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash with Treasury.....	\$32,697,664	\$33,394,203	\$41,356,703
Accounts receivable, net.....	6,958,615	7,222,561	7,594,511
Loans receivable, net.....	85,241,884	80,567,108	68,226,108
Acquired security or collateral.....	40,837	36,837	34,237
Judgments, net.....	158,604	182,854	215,854
Total assets.....	125,097,604	121,403,563	117,427,413
Liabilities:			
Current.....	477,205	334,405	354,605
Government investment:			
Non-interest-bearing capital.....	205,858,145	205,858,145	205,858,145
Deficit (-).....	-81,237,746	-84,788,987	-88,785,337
Total Government investment.....	124,620,399	121,069,158	117,072,808

Status of Certain Fund Balances

	1957 actual	1958 actual	1959 estimate	1960 estimate
Unexpended balance:				
Cash with Treasury.....	\$28,033,236	\$32,697,664	\$33,394,203	\$41,356,703
Obligated balance, net:				
Current liabilities.....	1,065,906	477,205	334,405	354,605
Undisbursed loan commitments.....	1,317,535	848,511	503,000	606,000
Accounts receivable, net.....	-3,029,256	-6,958,615	-7,222,561	-7,594,511
Total obligated balance.....	-5,645,815	-5,632,899	-6,385,156	-6,633,906
Unobligated balance.....	33,679,051	38,330,563	39,779,359	47,990,609

Object Classification

	1958 actual	1959 estimate	1960 estimate
FARMERS' HOME ADMINISTRATION			
Total number of permanent positions.....	572	561	559
Full-time equivalent of all other positions.....	152	141	137

FARMERS' HOME ADMINISTRATION—Continued

Public enterprise funds—Continued

DISASTER LOANS, ETC., REVOLVING FUND—Continued

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
FARMERS' HOME ADMINISTRATION—CON.			
Average number of all employees.....	711	699	694
Number of employees at end of year.....	656	625	625
Average GS grade and salary.....	5.3 \$4,463	5.6 \$5,056	5.6 \$5,080
01 Personal services:			
Permanent positions.....	\$2,625,252	\$2,821,380	\$2,828,800
Positions other than permanent.....	608,695	619,700	598,200
Other personal services.....	19,779	20,420	32,400
Total personal services.....	3,253,726	3,461,500	3,459,400
02 Travel.....	313,472	320,000	322,000
04 Communication services.....	33		
06 Printing and reproduction.....	5,156	7,000	7,000
07 Other contractual services.....	8,366	9,600	9,600
Services performed by other agencies.....	95		
11 Grants, subsidies, and contributions.....	394,687	180,700	181,000
15 Taxes and assessments.....	13,094	16,200	16,000
16 Investments and loans.....	64,020,073	58,533,000	49,048,400
Undistributed charges.....	281,872	311,004	379,400
Total, Farmers' Home Administration.....	68,290,574	62,839,004	53,422,800
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	42	22	19
Full-time equivalent of all other positions.....	1	1	1
Average number of all employees.....	41	22	19
Number of employees at end of year.....	30	15	12
Average GS grade and salary.....	6.0 \$4,787	6.1 \$5,391	6.2 \$5,351
01 Personal services:			
Permanent positions.....	\$263,813	\$202,035	\$166,435
Positions other than permanent.....	1,689	2,900	2,800
Other personal services.....	4,356	2,400	2,200
Total personal services.....	269,858	207,335	171,435
02 Travel.....	98,966	61,500	49,300
03 Transportation of things.....	1,023	1,100	900
04 Communication services.....	2,891	2,500	2,000
05 Rents and utility services.....	37		
06 Printing and reproduction.....	15,126	3,800	3,100
07 Other contractual services.....	997	900	700
Advanced to—			
"Local administration, sec. 388, Agricultural Adjustment Act of 1938 (7 U. S. C. 1388)....."		77,500	35,000
"Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938" (7 U. S. C. 1932).....	60,698	49,500	29,000
Other.....	620	500	400
08 Supplies and materials.....	1,400	1,200	1,000
09 Equipment.....	2,494	3,600	2,900
11 Grants, subsidies, and contributions.....	1,607	9,265	8,065
13 Refunds, awards, and indemnities.....	456	300	200
15 Taxes and assessments.....	1,579	200	200
Undistributed charges.....	-114,950		
Total, allotment accounts.....	342,802	419,200	304,200
Total obligations.....	68,633,376	63,258,204	53,727,000
Obligations are distributed as follows:			
Farmers' Home Administration.....	\$68,290,574	\$62,839,004	\$53,422,800
Commodity Stabilization Service.....	315,078	390,000	275,000
Office of the General Counsel.....	27,724	29,200	29,200

FARM TENANT-MORTGAGE INSURANCE FUND

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Capital outlay:			
Loans made—			
For payment of delinquent installments.....	\$1,686,385	\$1,320,000	\$1,600,000
For other advances.....	123,274	136,204	150,000
From fund for later sale.....		4,000,000	7,000,000
Purchase of loans from lenders.....	15,627,470	9,250,000	4,280,000
Collateral acquired by default.....	17,347		
Judgments acquired.....	159		
Total, capital outlay.....	17,454,635	14,706,204	13,030,000

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
Operations:			
Administrative expenses.....	\$776,000	\$1,000,000	\$1,000,000
Costs incident to acquired real estate.....	3,212	3,000	5,000
Writeoffs—interest and accounts receivable.....	270	200	200
Interest on borrowings from Treasury.....	298,626	150,000	170,000
Total, operations.....	1,078,108	1,153,200	1,175,200
Total program (obligations).....	18,532,743	15,859,404	14,205,200
Financing:			
Amounts becoming available:			
Authorization to expend from public debt receipts.....		3,400,000	
Revenue and receipts:			
Repayments on advances and loans held.....	2,853,886	2,190,000	2,305,000
Sale of loans.....	18,752,279	8,200,000	10,000,000
Proceeds from sale of acquired real estate.....	66,450	100,000	120,000
Insurance premiums.....	1,801,615	2,080,000	2,240,000
Interest income.....	434,024	370,000	440,000
Fees and other income.....	38,274	50,000	55,000
Cancellation of prior year obligations.....	12,330		
Total amounts becoming available.....	23,958,858	16,390,000	15,160,000
Repayment of borrowings to Treasury (no longer available) (—).....	-5,240,000		-750,000
Unobligated balance brought forward.....	2,650,662	2,836,777	3,367,373
Total amounts available.....	21,369,520	19,226,777	17,777,373
Unobligated balance carried forward.....	-2,836,777	-3,367,373	-3,572,173
Financing applied to program.....	18,532,743	15,859,404	14,205,200

Purpose and financial organization.—This fund, authorized in the Bankhead-Jones Farm Tenant Act (7 U. S. C. 1005 (a)), relates to insured farm ownership loans and soil and water conservation loans. The insurance endorsement on each loan includes an agreement by the Government to purchase the loan after a specified period at the holder's option. The initial fund of \$1 million is supplemented by charges collected from insured farm ownership and soil and water conservation loan borrowers, inspection and appraisal fees, and other charges. Receipts are available for administrative expenses and to cover losses. Public Law 85-748, approved August 25, 1958 (72 Stat. 840), authorized for the first time the making of loans from the fund to be sold individually or in blocks and insured. Not in excess of \$5 million may be borrowed from the Secretary of the Treasury for this purpose. Public Law 85-748 also changed the method of determining the interest paid the Secretary of the Treasury on borrowings to relate the charges to the current average market yields of outstanding marketable obligations of the United States.

Budget program.—Advances and purchases of loans are estimated at \$13 million in 1960, a decrease of \$1.7 million below 1959 and \$4.4 million below 1958. Included is \$4 million in 1959 and \$7 million in 1960 for making loans under the new statutory authority which will later be sold on an insured basis.

Financing.—In order to finance the purchase of loans becoming eligible for redemption under the repurchase agreements, and to make loans later to be sold on an insured basis, it is estimated that it will be necessary to utilize the statutory authorization (7 U. S. C. 1005c) to borrow from the Treasury in the net amount of \$3,400,000 in 1959. Net repayments to the Treasury of \$750,000 are anticipated in 1960.

Operating results and retained earnings.—Total income, consisting principally of insurance premiums, is estimated at \$2.7 million in 1960, an increase of about \$0.2 million from 1959.

The necessity to purchase loans is expected to result in outstanding loans receivable of \$11.2 million at June 30,

1960. Retained earnings, which are for absorption of any future losses, are estimated to be \$9.1 million at the end of 1960. These earnings, when added to the \$1 million appropriation and estimated borrowings of \$5.1 million from the Treasury, represents a \$15.2 million Government investment.

POSITION WITH RESPECT TO INSURANCE AUTHORITY

	1958 actual	1959 estimate	1960 estimate
Annual mortgage insurance authority-----	\$150,000,000	\$150,000,000	\$150,000,000
Charges against mortgage insurance authority during the year:			
Mortgages insured-----	18,919,295	37,000,000	37,000,000
Commitments to insure pending advances by lenders-----	9,367,941	10,060,000	10,000,000
Mortgages accepted for the account of the fund, net-----	419,057	400,000	450,000
Total charges against authority-----	28,706,293	47,460,000	47,450,000
Unused insurance authority-----	121,293,707	102,600,000	102,550,000

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Loans made:			
Payment of delinquent installments-----	\$1,686,385	\$1,320,000	\$1,600,000
Advances on behalf of borrowers-----	125,429	140,000	150,000
From fund for later sale-----		4,000,000	7,000,000
Purchase of loans from lenders-----	15,283,151	9,430,000	4,400,000
Acquired real estate-----	17,257		
Judgments-----	159		
Expense-----	1,079,004	1,153,200	1,175,200
Increase in selected working capital-----	702,201	223,800	183,800
Total gross expenditures-----	18,893,586	16,267,000	14,509,000
Receipts from operations (funds provided):			
Loan repayments:			
On advances and loans held-----	2,853,886	2,190,000	2,305,000
Sale of loans-----	18,752,279	8,200,000	10,000,000
Sale of acquired real estate-----	66,450	100,000	120,000
Revenue-----	2,273,913	2,500,000	2,735,000
Total receipts from operations-----	23,946,528	12,990,000	15,160,000
Budget expenditures-----	-5,052,942	3,277,000	-651,000

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
Operating program:			
Revenue-----	\$2,273,913	\$2,500,000	\$2,735,000
Expense-----	1,113,698	1,193,200	1,215,200
Net income-----	1,160,215	1,306,800	1,519,800
Nonoperating income or loss (-):			
Proceeds from disposition of acquired property:			
Cash sales-----	66,450	100,000	120,000
Exchanged for loans receivable-----	124,911	110,000	140,000
Total proceeds from disposition of acquired property-----	191,361	210,000	260,000
Net book value of assets sold (-)-----	-198,478	-208,000	-258,000
Net gain or loss (-) from disposition of acquired property-----	-7,117	2,000	2,000
Net income for the year-----	1,153,098	1,308,800	1,521,800
Retained earnings, beginning of year-----	5,143,902	6,297,000	7,605,800
Retained earnings, end of year-----	6,297,000	7,605,800	9,127,600

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash with Treasury-----	\$1,113,802	\$1,236,802	\$1,137,802
Accounts receivable, net-----	2,382,684	2,606,484	2,790,284
Loans receivable, net-----	6,155,254	10,525,254	11,240,254
Judgments-----	684	684	684
Real estate acquired through foreclosure-----	135,295	127,295	99,295
Total assets-----	9,787,719	14,496,519	15,268,319
Liabilities:			
Current-----	5,719	5,719	5,719
Government investment:			
Interest-bearing capital:			
Start of year-----	7,725,000	2,485,000	5,885,000
Borrowings from Treasury during year, net-----	-5,240,000	3,400,000	-750,000
End of year-----	2,485,000	5,885,000	5,135,000
Non-interest-bearing capital-----	1,000,000	1,000,000	1,000,000
Retained earnings-----	6,297,000	7,605,800	9,127,600
Total Government investment-----	9,782,000	14,490,800	15,262,600

NOTE.—This statement excludes contingent liabilities for principal amount of insured loans as follows: June 30, 1958, \$172,068,883; 1959, \$200,738,883; 1960, \$232,338,883.

Status of Certain Fund Balances

	1957 actual	1958 actual	1959 estimate	1960 estimate
Unexpended balance:				
Cash with Treasury-----	\$1,300,860	\$1,113,802	\$1,236,802	\$1,137,802
Obligated balance, net:				
Current liabilities-----	3,785	5,719	5,719	5,719
Undisbursed commitments to purchase loans-----	324,961	650,194	470,194	350,194
Undisbursed commitments to pay recoverable loan costs-----		3,796		
Accounts receivable, net, and cash in transit (-)-----	-1,678,548	-2,382,684	-2,606,484	-2,790,284
Total obligated balance-----	-1,349,802	-1,722,975	-2,130,571	-2,434,371
Unobligated balance-----	2,650,662	2,836,777	3,367,373	3,572,173

Object Classification

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services-----	\$779,482	\$1,003,200	\$1,005,200
14 Interest-----	298,626	150,000	170,000
16 Investments and loans-----	17,454,635	14,706,204	13,030,000
Total obligations-----	18,532,743	15,859,404	14,205,200

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Administration of direct and insured loan programs (total obligations)-----	\$104,499	\$129,000	\$117,000
Financing:			
Advances and reimbursements from—			
Other accounts-----	87,821	110,000	102,000
Non-Federal sources (40 U. S. C. 481 (c))-----	16,678	19,000	15,000
Total financing-----	104,499	129,000	117,000

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions-----	15	15	13
Average number of all employees-----	15	16	13
Number of employees at end of year-----	15	15	13
Average GS grade and salary-----	4.8 \$4,379	4.8 \$4,742	5.0 \$4,910
01 Personal services:			
Permanent positions-----	\$66,683	\$76,838	\$64,180
Other personal services-----	903	662	820
Total personal services-----	67,586	77,500	65,000
03 Transportation of things-----	2,165	2,500	2,500
04 Communication services-----	101	200	200
05 Rents and utility services-----	15,011	25,300	30,000
07 Other contractual services-----	922	2,000	2,000
09 Equipment-----	14,513	16,500	12,500
11 Grants, subsidies, and contributions-----	4,201	5,000	4,800
Total obligations-----	104,499	129,000	117,000

OFFICE OF THE GENERAL COUNSEL

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, [\$2,968,000] \$3,310,500. (5 U. S. C. 511-512, 518; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$2,968,000

Estimate 1960, \$3,310,500

OFFICE OF THE GENERAL COUNSEL—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Agricultural credit and conservation	\$1,506,346	\$1,607,500	\$1,607,500
2. Commodity credit, production, and adjustment programs	751,663	818,000	818,000
3. Marketing and regulatory laws	499,600	539,000	614,000
4. Agricultural research and staff legal services	261,120	271,000	271,000
Total program costs ¹	3,018,729	3,235,500	3,310,500
5. Relation of costs to obligations: Obligations incurred for cost of other years, net	3,571		
Total program (obligations)	3,022,300	3,235,500	3,310,500
Financing:			
Unobligated balance no longer available	5,700		
New obligational authority	3,023,000	3,235,500	3,310,500
New obligational authority:			
Appropriation	\$2,943,000	\$2,968,000	\$3,310,500
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243)	85,000		
Appropriation (adjusted)	3,028,000	2,968,000	3,310,500
Proposed supplemental due to pay increases		267,500	

¹ Includes capital outlay as follows: 1958, \$17,784; 1959, \$13,000; 1960, \$13,375.

The Office serves as legal counsel for the Secretary of Agriculture and performs all legal work for the Department. It represents the Department in administrative proceedings for the promulgation of rules and regulations having the force and effect of law and in quasi-judicial hearings held in connection with the administration of Department programs. The Office also represents the Secretary in proceedings before the Interstate Commerce Commission dealing with rates and practices relating to the transportation of agricultural commodities and in appeals to the courts from the decisions of the Commission. It examines titles to lands to be acquired by the Department or accepted as security for loans, and disposes of claims arising out of the Department's activities.

Increases in 1960 are to meet anticipated expansion in workload connected with mandatory inspection of poultry and poultry products, and increased activities resulting from amendment of the Packers and Stockyards Act by Public Law 85-909 (72 Stat. 1749).

5. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table:

	1957 actual	1958 actual	1959 estimate	1960 estimate
Selected resources at end of year: Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received)	\$30,861	\$29,074	\$29,074	\$29,074
Selected resources at start of year (—)		—30,861	—29,074	—29,074
Adjustment of selected resources reported at start of year		5,358		
Obligations incurred for costs of other years, net		3,571		

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions	433	406	410
Full-time equivalent of all other positions	4	4	4
Average number of all employees	393	399	401
Number of employees at end of year	411	403	406
Average GS grade and salary	8.2 \$6,208	8.1 \$6,918	8.2 \$7,037
01 Personal services:			
Permanent positions	\$2,565,786	\$2,775,443	\$2,829,979
Positions other than permanent	16,824	17,500	17,500
Other personal services	13,980	13,982	25,321
Total personal services	2,596,590	2,806,925	2,872,800

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
02 Travel	\$99,144	\$95,000	\$98,000
03 Transportation of things	1,812	3,000	3,000
04 Communication services	37,151	38,000	38,300
05 Rents and utility services	11,552	9,000	9,000
06 Printing and reproduction	21,072	21,000	21,000
07 Other contractual services	16,886	17,370	17,500
Services performed by other agencies	6,903	6,500	6,500
08 Supplies and materials	28,833	30,000	30,300
09 Equipment	40,920	30,000	31,100
11 Grants, subsidies, and contributions	159,263	176,705	181,000
13 Refunds, awards, and indemnities	1,370	1,500	1,500
15 Taxes and assessments	804	500	500
Total obligations	3,022,300	3,235,500	3,310,500

ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments from other accounts are included in the schedule of the parent appropriations as follows:

"Acreage reserve," soil bank programs.

"Conservation reserve," soil bank programs.

"Disaster loans, etc., revolving fund," Farmers' Home Administration.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Miscellaneous services to other accounts (total obligations)	\$766	\$750	\$750
Financing:			
Advances and reimbursements from non-Federal sources (5 U. S. C. 61 (b); 40 U. S. C. 481 (c))	766	750	750

Object Classification

	1958 actual	1959 estimate	1960 estimate
09 Equipment	\$766	\$750	\$750

OFFICE OF THE SECRETARY

Current authorizations:

SALARIES AND EXPENSES

For expenses of the Office of the Secretary of Agriculture; expenses of the National Agricultural Advisory Commission; stationery, supplies, materials, and equipment; freight, express, and drayage charges; advertising of bids, communication service, postage, washing towels, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture; [\$2,668,895] \$2,881,000: *Provided*, That this appropriation shall be reimbursed from applicable appropriations for travel expenses incident to the holding of hearings as required by the Administrative Procedure Act (5 U. S. C. 1001). (5 U. S. C. 511-517; secs. 511-512—*establishing the Department of Agriculture, which was implemented by the Act of July 24, 1919 (5 U. S. C. 563-564), apply to all appropriation items of the Department which are not based upon specific legislative authority either incorporated in the language of the item or cited immediately thereunder; 5 U. S. C. 520a, 542-1, 543b, 1001, 2131; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Appropriated 1959, \$2,668,895

Estimate 1960, \$2,881,000

^a Includes \$4,600 for activities previously carried under "Salaries and expenses," Office of Information. The amounts obligated in 1958 and 1959 are shown in the schedule as comparative transfers.

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. General administration	\$600,622	\$621,215	\$621,215
2. Personnel administration and service	681,970	703,114	703,114
3. Budgetary and financial administration and service	647,699	677,025	677,025

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
4. General operations.....	\$574, 784	\$606, 686	\$606, 686
5. Administrative management.....	79, 819	95, 545	95, 545
6. Regulatory hearings and decisions.....	153, 302	165, 915	165, 915
7. National Agricultural Advisory Commission.....	10, 413	11, 500	11, 500
Total program costs ¹	2, 748, 609	2, 881, 000	2, 881, 000
8. Relation of costs to obligations: Costs financed from obligations of other years, net (—).....	—1, 415	-----	-----
Total program (obligations).....	2, 747, 194	2, 881, 000	2, 881, 000
Financing:			
Comparative transfers from (—) other accounts.....	—13, 000	—4, 600	-----
Unobligated balance no longer available.....	9, 966	-----	-----
New obligational authority.....	2, 744, 160	2, 876, 400	2, 881, 000
New obligational authority:			
Appropriation.....	\$2, 660, 660	\$2, 668, 895	\$2, 881, 000
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	83, 500	-----	-----
Appropriation (adjusted).....	2, 744, 160	2, 668, 895	2, 881, 000
Proposed supplemental due to pay increases.....	-----	207, 505	-----

¹ Includes capital outlay as follows: 1958, \$24,766; 1959, \$7,050; 1960, \$7,050.

The Office provides overall planning, coordination, and administration of the Department's programs, and supplies certain services on a departmentwide basis.

2. *Personnel administration and service.*—Departmental policies and procedures are promulgated for the personnel management program. The operational phases of this program have been substantially delegated to the agencies. A systematic review is conducted to insure unification thereof and to measure its effectiveness in serving the agencies' personnel management requirements.

3. *Budgetary and financial administration and service.*—This covers the fields of departmental budgetary and financial management, internal audit and related activities; policies and procedures are promulgated, and programs and legislative proposals are evaluated for budgetary, financial, and related implications.

4. *General operations.*—These embrace departmental policies and procedures for real and personal property, and supply management. Administrative services are provided for the Office of the Secretary, and departmental service operations are furnished, including the Department's post office, telephone switchboard, telegraph office, and reproduction and supply services.

5. *Administrative management.*—This covers the areas of organization, paperwork activities (forms, reports, correspondence, and records maintenance and disposition), administrative issuances, and management improvement. Departmental policies and procedures are promulgated, improvement studies are undertaken, and agency administrative management programs are evaluated to insure economical and effective administration.

6. *Regulatory hearings and decisions.*—The hearing examiners hold hearings in connection with the prescribing of new regulations and orders and on disciplinary complaints filed by the Department or on petitions filed by private parties asking relief from some action of the Department. Final administrative decisions in regulatory proceedings are rendered by the judicial officer. Agriculture Decisions is published monthly.

7. *National Agricultural Advisory Commission.*—Provision is made for the payment of necessary expenses incident to periodic meetings of the National Agricultural Advisory Commission.

8. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table:

	1957 actual	1958 actual	1959 estimate	1960 estimate
Selected resources at end of year: Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	\$10, 436	\$10, 051	\$10, 051	\$10, 051
Selected resources at start of year (—).....	-----	—10, 436	—10, 051	—10, 051
Adjustment of selected resources reported at start of year.....	-----	—1, 030	-----	-----
Costs financed from obligations of other years, net (—).....	-----	—1, 415	-----	-----

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	334	335	335
Full-time equivalent of all other positions.....	2	1	1
Average number of all employees.....	327	325	325
Number of employees at end of year.....	328	325	325
Average GS grade and salary.....	8.6 \$6, 527	8.6 \$7, 258	8.6 \$7, 284
01 Personal services:			
Permanent positions.....	\$2, 262, 665	\$2, 409, 111	\$2, 401, 483
Positions other than permanent.....	11, 412	10, 677	8, 669
Other personal services.....	24, 788	18, 514	28, 150
Total personal services.....	2, 298, 865	2, 438, 302	2, 438, 302
02 Travel.....	109, 883	117, 500	117, 500
03 Transportation of things.....	3, 399	1, 300	1, 300
04 Communication services.....	34, 436	35, 400	35, 400
05 Rents and utility services.....	815	800	800
06 Printing and reproduction.....	66, 279	66, 700	66, 700
07 Other contractual services.....	13, 088	10, 300	10, 300
Services performed by other agencies.....	29, 852	25, 300	25, 300
08 Supplies and materials.....	20, 089	19, 600	19, 600
09 Equipment.....	32, 254	7, 050	7, 050
11 Grants, subsidies, and contributions.....	135, 776	156, 618	156, 618
13 Refunds, awards, and indemnities.....	1, 089	800	800
15 Taxes and assessments.....	1, 369	1, 330	1, 330
Total obligations.....	2, 747, 194	2, 881, 000	2, 881, 000

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriation "Mutual security," funds appropriated to the President.

Intragovernmental funds:

WORKING CAPITAL FUND, DEPARTMENT OF AGRICULTURE

This fund finances on a reimbursable basis certain central services in the Department of Agriculture, including duplicating, photographic, art and graphics, motion picture, tabulating, supply, and library photocopying services. The capital consists of \$400,000 appropriated (5 U. S. C. 542-1) and \$519,848 donated assets, as of June 30, 1958. Earnings are retained to furnish adequate working capital.

In 1957, the motor pool activity was transferred to the General Services Administration. The activity had a residue of retained earnings of \$2,821 which was capitalized during 1958.

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Supply and other central services program:			
Acquisition of equipment.....	\$15, 507	\$6, 540	\$2, 500
Expense:			
Purchase of materials.....	427, 744	429, 200	465, 500
Other expense.....	357, 609	352, 180	316, 598
Reproduction services program:			
Acquisition of equipment.....	15, 227	-----	-----
Expense:			
Purchase of materials.....	367, 680	370, 000	333, 800
Other expense.....	652, 047	650, 000	686, 200

OFFICE OF THE SECRETARY—Continued

Intragovernmental funds—Continued

WORKING CAPITAL FUND, DEPARTMENT OF AGRICULTURE—Con.

Sources and Application of Funds (Operations)—Continued

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied)—Con.			
Motion picture, photographic, and other visual information services program:			
Acquisition of equipment.....	\$32,766	\$60,000	\$50,000
Expense:			
Purchase of materials.....	156,663	180,000	180,000
Other expense.....	821,184	820,600	815,600
Total gross expenditures.....	2,846,427	2,868,520	2,850,195
Receipts from operations (funds provided):			
Supply and other central services program:			
Revenue.....	\$17,181	\$21,580	\$23,000
Proceeds from sale of equipment.....	72		
Reproduction services program: Revenue.....	998,429	1,000,000	1,000,000
Motion picture, photographic, and other visual information services program:			
Revenue.....	1,010,490	1,025,000	1,025,000
Proceeds from sale of equipment.....	956		
Selected working capital assumed.....	2,154		
Decrease in selected working capital.....	64,051	45,482	39,266
Total receipts from operations.....	2,893,333	2,892,062	2,887,266
Budget expenditures.....	-46,906	-23,542	-37,068

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
Supply and other central services program:			
Revenue.....	\$817,181	\$821,580	\$823,000
Expense.....	839,123	819,580	821,000
Net operating income or loss (—), supply and other central services program.....	-21,942	2,000	2,000
Reproduction services program:			
Revenue.....	998,429	1,000,000	1,000,000
Expense.....	1,033,378	1,000,000	1,000,000
Net operating loss (—), reproduction services program.....	-34,949		
Motion picture, photographic, and other visual information services program:			
Revenue.....	1,010,490	1,025,000	1,025,000
Expense.....	1,009,615	1,024,600	1,022,600
Net operating income, motion picture, photographic, and other visual information services program.....	875	400	2,400
Nonoperating income:			
Proceeds from sale of equipment.....	1,028		
Net book value of assets sold (—).....	-387		
Net nonoperating income.....	641		
Net income or loss (—) for the year.....	-55,375	2,400	4,400
Analysis of retained earnings:			
Retained earnings, beginning of year.....	97,138	38,942	41,342
Capitalization of earnings from terminated motor pool (—).....	-2,821		
Retained earnings, end of year.....	38,942	41,342	45,742

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash with Treasury.....	\$311,045	\$334,587	\$371,655
Accounts receivable, net.....	412,160	402,703	387,703
Advances.....	4,340	4,000	4,000
Inventories, deferred charges, etc.....	250,643	252,581	251,981
Equipment, net.....	366,457	388,260	394,858
Total assets.....	1,344,645	1,382,131	1,410,197
Liabilities:			
Current.....	385,855	420,941	444,607
Government investment:			
Non-interest-bearing capital:			
Start of year.....	909,605	919,848	919,848
Donated assets, net.....	7,422		
Capitalization of earnings from terminated motor pool.....	2,821		
End of year.....	919,848	919,848	919,848
Retained earnings.....	38,942	41,342	45,742
Total Government investment.....	958,790	961,190	965,590

NOTE.—Unpaid undelivered orders are as follows: June 30, 1957, \$103,402; 1958, \$111,376; 1959, \$105,000; and 1960, \$105,000.

Object Classification

	1958 actual	1959 estimate	1960 estimate
OFFICE OF THE SECRETARY			
Total number of permanent positions.....	170	164	164
Average number of all employees.....	164	162	162
Number of employees at end of year.....	159	159	162
Average GS grade and salary.....	4.1 \$4,119	4.2 \$4,658	4.2 \$4,675
Average salary of ungraded positions.....	\$4,185	\$4,231	\$4,246
01 Personal services:			
Permanent positions.....	\$703,207	\$714,217	\$711,420
Positions other than permanent.....	978		
Other personal services.....	25,118	25,783	28,580
Excess of annual leave earned over leave taken.....	2,528		
Total personal services.....	731,831	740,000	740,000
02 Travel.....	7	100	100
03 Transportation of things.....	104	100	100
04 Communication services.....	125,344	125,000	125,000
05 Rents and utility services.....	7,101	7,100	7,100
06 Printing and reproduction.....	343	1,000	1,000
07 Other contractual services.....	13,279	13,000	13,000
08 Supplies and materials.....	817,005	803,603	801,000
09 Equipment.....	8,124		
11 Grants, subsidies, and contributions.....	43,776	45,500	45,500
13 Refunds, awards, and indemnities.....	170	100	100
15 Taxes and assessments.....	57	100	100
Total, Office of the Secretary.....	1,747,141	1,735,603	1,733,000
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	110	108	108
Full-time equivalent of all other positions.....	2	2	1
Average number of all employees.....	108	109	110
Number of employees at end of year.....	110	112	112
Average GS grade and salary.....	7.3 \$5,520	7.5 \$5,977	7.5 \$6,072
01 Personal services:			
Permanent positions.....	\$602,465	\$654,491	\$670,908
Positions other than permanent.....	7,675	10,707	6,636
Other personal services.....	21,793	16,817	15,005
Excess of annual leave earned (—) over leave earned.....	-1,592		
Total personal services.....	630,341	682,015	692,549
02 Travel.....	22,542	22,500	22,500
03 Transportation of things.....	4,550	4,500	4,500
04 Communication services.....	5,905	4,682	5,600
06 Printing and reproduction.....	13,468	13,575	13,580
07 Other contractual services.....	162,242	162,311	162,347
Services performed by other agencies.....	5,666	5,600	5,600
08 Supplies and materials.....	185,780	122,954	115,999
09 Equipment.....	40,058	66,540	52,500
11 Grants, subsidies, and contributions.....	36,552	40,225	40,753
13 Refunds, awards, and indemnities.....	129		
15 Taxes and assessments.....	617	700	700
Total, allotment accounts.....	1,107,850	1,125,602	1,116,598
Total obligations.....	2,854,991	2,861,205	2,849,598
Obligations are distributed as follows:			
Office of the Secretary.....	\$1,747,141	\$1,735,603	\$1,733,000
Office of Information.....	1,049,575	1,076,399	1,070,000
Library.....	58,275	49,203	46,598

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Miscellaneous services to other accounts:			
Department of Agriculture.....	\$9,732	\$32,800	\$32,800
Other agencies.....	11,793	3,320	3,320
Total obligations.....	21,525	36,120	36,120
Financing:			
Advances and reimbursements from—			
Other accounts.....	21,187	36,120	36,120
Non-Federal sources (40 U. S. C. 481 (c)).....	338		
Total financing.....	21,525	36,120	36,120

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	1	2	2
Average number of all employees.....	1	2	2
Number of employees at end of year.....	0	0	0
Average GS grade and salary.....	11.1 \$8,595	10.4 \$9,089	10.4 \$9,193
01 Personal services: Permanent positions.....	\$8,515	\$15,070	\$15,070

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
02 Travel.....	\$11,631	\$20,000	\$20,000
06 Printing and reproduction.....	1,023		
07 Other contractual services.....	25		
09 Equipment.....	331		
11 Grants, subsidies, and contributions.....		1,050	1,050
Total obligations.....	21,525	36,120	36,120

OFFICE OF INFORMATION

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses of the Office of Information for the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, **[\$1,359,265] \$1,431,665**, of which total appropriation not to exceed \$537,000 may be used for farmers' bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U. S. C. 417) and not less than two hundred [thirty thousand eight] and thirty-one thousand nine hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by section 73 of the Act of January 12, 1895 (44 U. S. C. 241): *Provided*, That in the preparation of motion pictures or exhibits by the Department, not exceeding a total of \$10,000 may be used for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a). (5 U. S. C. 511-512; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, **\$1,359,265**Estimate 1960, **\$1,431,665**

* Excludes \$4,600 for activities transferred in the estimates to "Salaries and expenses," Office of the Secretary. The amounts obligated in 1958 and 1959 are shown in the schedule as comparative transfers.

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Publications review and distribution.....	\$681,060	\$674,045	\$685,345
2. Review and distribution of current agricultural information.....	505,059	513,725	520,185
3. Review, preparation, and distribution of visual agricultural information.....	228,024	225,895	226,135
Total program costs ¹	1,414,143	1,413,665	1,431,665
4. Relation of costs to obligations: Costs financed from obligations of other years, net (-).....	-26,416		
Total program (obligations).....	1,387,727	1,413,665	1,431,665
Financing:			
Comparative transfers to other accounts.....	13,000	4,600	
Unobligated balance no longer available.....	1,073		
New obligational authority.....	1,401,800	1,418,265	1,431,665
New obligational authority:			
Appropriation.....	\$1,367,500	\$1,359,265	\$1,431,665
Transferred from "Conservation reserve," soil bank programs (72 Stat. 243).....	34,300		
Appropriation (adjusted).....	1,401,800	1,359,265	1,431,665
Proposed supplemental due to pay increases.....		59,000	

¹ Includes capital outlay as follows: 1958, \$7,653.

The Office has responsibility for the information work of the entire Department. Its major objective is to report to farmers, specially affected groups, and to the public the Department's research, action, regulatory, and other programs, using any or all information media. This work is carried on in close cooperation with the land-grant

colleges and with private industries which serve agriculture. Workload depends upon Department program demands, direct requests, and legislative requirements.

A supplemental appropriation is proposed for later transmission to meet the costs of increased postal rates authorized in Public Law 85-426, approved May 27, 1958.

1. *Publications review and distribution.*—The Department publications, both printed and processed, are reviewed for policy clearance and control. Publications include farmers' bulletins, leaflets, periodicals, scientific, research, and marketing publications, and agricultural statistics.

2. *Review and distribution of current agricultural information.*—The Department's activities require the issuance of about 3,600 periodic crop, price, and market reports and press releases annually. Special information is furnished to national magazines, encyclopedic annuals, and trade publications. Digests, newsletters, and other services are made available to press associations, daily newspapers, and farm publications. Part 2 of the Secretary's annual report, known as the Yearbook of Agriculture, is published by the Office and distributed by Members of Congress. Radio is used to reach farmers locally and to broadcast regular weekly programs on major networks. Television package programs are prepared for use of land-grant colleges and television farm broadcasters. Essential information on Department policies and programs is provided to Washington and field employees by the biweekly issuance of USDA, an employee news bulletin.

3. *Review, preparation, and distribution of visual agricultural information.*—Motion pictures for the Department and private industries which serve agriculture are produced on a reimbursable basis and distributed through nearly 75 cooperating State film libraries. Still photographs, illustrations, and graphics are similarly produced. News and general-type photographs of Department programs and activities are available from a centralized library. Exhibits are produced and supplied to State extension workers for their use in State exhibit showings.

4. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table:

	1957 actual	1958 actual	1959 estimate	1960 ¹ estimate
Selected resources at end of year: Inventories and items on order:				
Publications consigned to Government Printing Office.....	\$166,640	\$157,000	\$185,000	\$185,000
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	304,645	275,652	247,652	247,652
Total selected resources at end of year.....	471,285	432,652	432,652	432,652
Selected resources at start of year (-).....		-471,285	-432,652	-432,652
Adjustment of selected resources reported at start of year.....		12,217		
Costs financed from obligations of other years, net (-).....		-26,416		

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	135	133	133
Full-time equivalent of all other positions.....	2	1	1
Average number of all employees.....	125	120	120
Number of employees at end of year.....	133	128	128
Average GS grade and salary.....	7.2 \$5,431	7.2 \$6,076	7.2 \$6,141
01 Personal services:			
Permanent positions.....	\$689,004	\$728,501	\$734,993
Positions other than permanent.....	8,910	3,025	3,025
Other personal services.....	8,282	3,739	5,759
Total personal services.....	706,196	735,265	743,777
02 Travel.....	9,723	9,000	9,000
03 Transportation of things.....	3,300	3,000	3,000
04 Communication services.....	70,016	70,000	88,000
06 Printing and reproduction.....	499,923	500,000	500,000
07 Other contractual services.....	10,658	10,500	9,000
Services performed by other agencies.....	23,850	25,100	20,588

OFFICE OF INFORMATION—Continued

Current authorizations—Continued

SALARIES AND EXPENSES—Continued

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
08 Supplies and materials.....	\$9,717	\$9,000	\$8,400
09 Equipment.....	9,862	4,000	1,600
11 Grants, subsidies, and contributions..	44,148	47,500	48,000
15 Taxes and assessments.....	334	300	300
Total obligations.....	1,387,727	1,413,665	1,431,665

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allotments and allocations from other accounts are included in the schedules of the parent appropriations as follows:

- "Acreage reserve," soil bank programs.
- "Conservation reserve," soil bank programs.
- "Great Plains conservation program," Soil Conservation Service.
- "Working capital fund, Department of Agriculture."
- "Mutual security," funds appropriated to the President.

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Miscellaneous services to other accounts.....	\$3,505		
2. Review, preparation, and distribution of visual agricultural information.....	45,560		
Total obligations.....	49,065		
Financing:			
Advances and reimbursements from—			
Other accounts.....	43,077		
Non-Federal sources (40 U. S. C. 481 (c); 7 U. S. C. 1387).....	5,988		
Total financing.....	49,065		

Object Classification

Total number of permanent positions.....	4		
Average number of all employees.....	4		
Number of employees at end of year.....	4		
Average GS grade and salary.....	7.2 \$5,431		
01 Personal services:			
Permanent positions.....	\$25,400		
Other personal services.....	1,156		
Total personal services.....	26,556		
02 Travel.....	143		
03 Transportation of things.....	160		
06 Printing and reproduction.....	7,718		
07 Other contractual services.....	2,999		
Services performed by other agencies.....	5,390		
08 Supplies and materials.....	5,427		
09 Equipment.....	182		
11 Grants, subsidies, and contributions..	490		
Total obligations.....	49,065		

Proposed for later transmission:

SALARIES AND EXPENSES

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Publications review and distribution.....		\$11,300	
2. Review and distribution of current agricultural information.....		6,460	

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Program by activities—Continued			
3. Review, preparation, and distribution of visual agricultural information.....		\$240	
Total program (costs-obligations).....		18,000	
Financing:			
Proposed supplemental appropriation.....		18,000	

Under existing legislation, 1959.—A supplemental appropriation for 1959 in the amount of \$18,000 is anticipated to partially cover the cost of postal rate increases authorized in Public Law 85-426, approved May 27, 1958.

LIBRARY

Current authorizations:

SALARIES AND EXPENSES

For necessary expenses, including dues for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members, [\$772,000] \$932,600. (5 U. S. C. 83, 511-512, 514, 516, 552a; Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.)

Appropriated 1959, \$772,000

Estimate 1960, \$932,600

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Agricultural library services (total program costs ¹).....	\$776,022	\$834,600	\$932,600
2. Relation of costs to obligations:			
Costs financed from obligations of other years, net (—).....		—2,213	
Obligations incurred for costs of other years, net.....	27,102		
Total program (obligations).....	803,124	832,387	932,600
Financing:			
1959 appropriation available in 1958.....	—2,213	2,213	
Unobligated balance no longer available.....	304		
New obligational authority.....	801,215	834,600	932,600
New obligational authority:			
Appropriation.....	\$772,000	\$772,000	\$932,600
Transferred from "Conservation reserve," soil bank programs (72 U. S. C. 243).....	29,215		
Appropriation (adjusted).....	801,215	772,000	932,600
Proposed supplemental due to pay increases.....		62,600	

¹ Includes capital outlay as follows: 1958, \$1,343; 1959, \$1,300; 1960, \$1,300.

1. The Library, a basic unit serving the research, extension and regulatory work of the Department and the State agricultural agencies, makes available books, periodicals, and other publications containing information on agricultural and allied fields. It contains approximately 1,150,000 volumes, probably one of the most extensive agricultural collections existing in any country. Its services are used by agricultural colleges and universities, other research and educational institutions throughout the world, Government departments, agricultural associations, industry, individual farmers, and the general public. It serves as the national agricultural library, one of the three national libraries.

During 1958, a total of 19,767 volumes and 252,547 separate issues of periodicals were added to the collection by purchase, gift and exchange. During 1958, a total of 1,119,696 loans of books and periodicals were made and 138,650 reference questions were answered. The Bib-

liography of Agriculture, a comprehensive monthly index to the technical agricultural knowledge of the world, listed a total of 101,351 items.

2. *Relation of costs to obligations.*—The relationship is derived from year-end balances of selected resources and applicable adjustment as reflected in the following table:

	1957 actual	1958 actual	1959 estimate	1960 estimate
Selected resources at end of year:				
Equipment not placed in use.....		\$211		
Unpaid undelivered orders (appropriation balances obligated for goods and services on order not yet received).....	\$13,356	34,085	\$32,083	\$32,083
Total selected resources at end of year.....	13,356	34,296	32,083	32,083
Selected resources at start of year (—).....		—13,356	—34,296	—32,083
Adjustment of selected resources reported at start of year.....		6,162		
Costs financed from obligations of other years, net (—).....			—2,213	
Obligations incurred for costs of other years, net.....		27,102		

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	138	132	150
Full-time equivalent of all other positions.....	2	1	1
Average number of all employees.....	125	126	142
Number of employees at end of year.....	127	130	145
Average GS grade and salary.....	5.6 \$4,548	5.6 \$5,127	5.6 \$5,121
01 Personal services:			
Permanent positions.....	\$608,324	\$653,309	\$725,429
Positions other than permanent.....	5,228	3,588	3,697
Other personal services.....	2,651	2,703	6,004
Total personal services.....	616,203	659,600	735,130
02 Travel.....	1,196	2,600	2,600
03 Transportation of things.....	477	490	490
04 Communication services.....	12,639	14,400	14,400
06 Printing and reproduction.....	5,337	3,100	3,100
Binding.....	27,680	27,300	31,000
07 Other contractual services.....	24,180	24,000	34,270
Services performed by other agencies.....	15,925	11,000	13,900
08 Supplies and materials.....	6,330	6,277	6,623
09 Equipment.....	51,075	41,227	41,281
11 Grants, subsidies, and contributions.....	37,848	42,906	48,106
13 Refunds, awards, and indemnities.....	1,832	1,500	1,500
15 Taxes and assessments.....	189	200	200
1959 program obligated in 1958.....	2,213	—2,213	
Total obligations.....	803,124	832,387	932,600

ALLOTMENTS AND ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allocations and allotments from other accounts are included in the schedules of the parent appropriations, as follows:

“Mutual security,” funds appropriated to the President.
 “Translation of publications and scientific cooperation,” funds appropriated to the President.
 “Working capital fund, Department of Agriculture.”

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Agricultural library services (includes Departments of Agriculture, Health, Education, and Welfare, and Farm Credit Administration) (total obligations).....	\$81,005	\$82,500	\$13,231
Financing:			
Advances and reimbursements from—			
Other accounts.....	81,005	82,500	13,231
Non-Federal sources (5 U. S. C. 552a).....		1,000	
Total financing.....	81,005	83,500	13,231

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	18	14	3
Full-time equivalent of all other positions.....	1	1	
Average number of all employees.....	15	13	3
Number of employees at end of year.....	16	14	3
Average GS grade and salary.....	5.0 \$4,173	5.4 \$4,874	3.7 \$4,125

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
01 Personal services:			
Permanent positions.....	\$64,838	\$66,147	\$12,285
Positions other than permanent.....	1,096	5,273	
Other personal services.....	281	263	95
Total personal services.....	66,215	71,683	12,380
02 Travel.....	447		
06 Printing and reproduction.....	127	56	
07 Other contractual services.....	166	189	46
Services performed by other agencies.....	1,611	880	
08 Supplies and materials.....	850	800	
09 Equipment.....	7,572	5,506	
11 Grants, subsidies, and contributions.....	3,750	4,241	805
13 Refunds, awards, and indemnities.....	125		
15 Taxes and assessments.....	142	145	
Total obligations.....	81,005	83,500	13,231

FOREST SERVICE

The Service carries on three primary functions: (1) Protection, development, and use of about 181 million acres of land in national forests in the United States and Puerto Rico; and management of land utilization projects covering about 4.7 million acres; (2) cooperation with States and private forest landowners to obtain better fire protection on approximately 435 million acres of forest lands and better forest practices on about 345 million acres of privately owned commercial timberlands, to encourage reforestation and stimulate development and management of State, county, and community forests; and (3) research for all public and private forest lands and related ranges to improve protection from fire, insects, and diseases; to increase production of timber, forage, water, and other products; to develop better utilization and marketing of forest products; and to maintain a current inventory of forest resources through a nationwide forest survey. These primary functions include construction and maintenance of roads and trails, control of forest pests, protection against floods, land exchange, and a number of cooperative projects.

Current authorizations:

FOREST PROTECTION AND UTILIZATION

For expenses necessary for forest protection and utilization, as follows:

Forest land management: For necessary expenses of the Forest Service, not otherwise provided for, including the administration, improvement, development, and management of lands under Forest Service administration, fighting and preventing forest fires on or threatening such lands and for liquidation of obligations incurred in the preceding fiscal year for such purposes, control of white pine blister rust and other forest diseases and insects on Federal and non-Federal lands; [\$75,107,000] \$77,815,800, of which \$5,000,000 for fighting and preventing forest fires and [\$1,760,000] \$1,910,000 for insect and disease control shall be apportioned for use, pursuant to section 3679 of the Revised Statutes, as amended, to the extent necessary under the then existing conditions: *Provided*, That not more than \$100,000 may be used for acquisition of land under the Act of March 1, 1911, as amended (16 U. S. C. 513–519): *Provided further*, That funds appropriated for “Cooperative range improvements”, pursuant to section 12 of the Act of April 24, 1950 (16 U. S. C. 580h), may be advanced to this appropriation.

Forest research: For forest research at forest and range experiment stations, the Forest Products Laboratory, or elsewhere, as authorized by law; [\$15,678,000] \$14,026,400.

State and private forestry cooperation: For cooperation with States in forest-fire prevention and suppression, in forest tree planting on non-Federal public and private lands, and in forest management and processing, and for advising timberland owners, associations, wood-using industries, and others in the application of forest management principles and processing of forest products, as authorized by law; [\$12,720,000] \$12,307,800.

FOREST SERVICE—Continued

Current authorizations—Continued

FOREST PROTECTION AND UTILIZATION—Continued

During the current fiscal year not to exceed \$100,000 of the funds appropriated under this heading shall be available for the acquisition of sites authorized by the Act of March 3, 1925, as amended (16 U. S. C. 555), without regard to any other limitation on the amount available for this purpose. (5 U. S. C. 511-512, 524, 565a; 7 U. S. C. 428a, 1010-1012, 1621-1627; 16 U. S. C. 471-533i, 594-1-594-5, 594a; 30 U. S. C. 601-604, 611-615; 31 U. S. C. 534; 43 U. S. C. 1181h-1181j; 36 Stat. 557; 72 Stat. 216-217, 425-426, 438, 979; Department of the Interior and Related Agencies Appropriation Act, 1959.)

Appropriated 1959, \$103,505,000 Estimate 1960, \$104,150,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Forest land management:			
(a) National forest protection and management	\$59,261,518	\$68,594,400	\$67,534,000
(b) Fighting forest fires	9,272,996	5,000,000	5,000,000
(c) Insect and disease control	6,239,355	6,608,600	5,881,800
(d) Acquisition of lands	99,693	100,000	100,000
Total, forest land management	74,873,562	80,303,000	78,515,800
2. Forest research:			
(a) Forest and range management	5,787,088	6,880,000	6,880,000
(b) Forest protection	2,248,556	2,440,000	2,440,000
(c) Forest products utilization	2,402,007	2,794,400	2,794,400
(d) Forest resources	1,781,348	1,912,000	1,912,000
(e) Forest research construction		2,500,000	
Total, forest research	12,218,999	16,526,400	14,026,400
3. State and private forestry cooperation:			
(a) Forest fire control	10,081,985	10,085,000	10,085,000
(b) Forest tree planting	1,266,762	790,000	290,000
(c) Forest management and processing	1,500,901	1,522,000	1,522,000
(d) General forestry assistance	356,027	410,800	410,800
Total, State and private forestry cooperation	13,205,675	12,807,800	12,307,800
4. 1959 program obligated in 1958	625,348	-625,348	
Total obligations	100,923,584	109,011,852	104,850,000
Financing:			
Comparative transfers to other accounts	100,000		
1959 appropriation available in 1958	-625,348	625,348	
Advances and reimbursements from other accounts	-735,629	-700,000	-700,000
Unobligated balance no longer available	228,698		
New obligational authority	99,891,305	108,937,200	104,150,000
New obligational authority:			
Appropriation	\$97,680,000	\$103,505,000	\$104,150,000
Transferred from "Conservation reserve" soil bank programs (72 Stat. 243)	2,211,305		
Appropriation (adjusted)	99,891,305	103,505,000	104,150,000
Proposed supplemental due to pay increases		5,432,200	

1. *Forest land management*—(a) *National forest protection and management*.—The 149 national forests are protected from fire and their resources are managed in such ways as to bring about full utilization and maximum sustained production. This item also provides for management of land utilization projects, including revegetation and other development work. Funds appropriated under Cooperative range improvements are merged with this appropriation for obligational purposes.

MAIN WORKLOAD FACTORS

Description	1958 actual	1959 estimate	1960 estimate
Area administered and protected:			
(a) National forest land (acres)	181,087,762	181,000,000	181,000,000
(b) Land utilization projects (acres)	6,953,945	4,700,000	4,700,000
Timber managed and protected (billion board-feet)	765	765	765
Timber sales (number)	35,773	36,000	40,000

MAIN WORKLOAD FACTORS—continued

Description	1958 actual	1959 estimate	1960 estimate
Timber harvested (billion board-feet)	6.4	8.0	8.7
Forest fires controlled (number)	7,873	10,000	10,000
Area burned (acres)	139,484	160,000	160,000
Grazing use permits (calendar year)	27,136	27,000	27,000
Estimated number of livestock on national forest ranges (including calves and lambs)	6,000,000	6,000,000	6,000,000
Special use permits, excluding recreation (number)	36,500	35,000	40,000
Recreation special use permits (number)	20,500	22,000	24,000
Estimated number of visitors to national forests (calendar year)	69,000,000	75,000,000	80,000,000
Tree planting and seeding (annual) (acres)	29,455	40,000	40,000
Range reseeding and removal of competing vegetation (annual) (acres)	120,902	140,000	140,000
Receipts:			
Timber sales	\$86,274,611	\$112,000,000	\$122,000,000
Grazing	3,013,930	3,000,000	3,000,000
Land use and power	2,257,279	2,400,000	2,400,000
Land utilization projects	2,290,775	1,600,000	1,600,000
Total receipts	93,836,595	119,000,000	129,000,000

(b) *Fighting forest fires*.—This provides for employment of additional manpower and other facilities for forest fire emergencies which cannot be met by the fire control organization provided under national forest protection and management. A supplemental for this purpose is proposed for 1959.

(c) *Insect and disease control*.—Activities to suppress and control destructive insects and diseases that threaten timber areas include two types of work carried on jointly by Federal, State, and private agencies: (1) Surveys on forest lands to detect and appraise infestations of forest insects and infections of tree diseases and determination of protective measures to be taken, and (2) control operations to suppress or eradicate forest insects and diseases, including the white pine blister rust.

(d) *Acquisition of lands*.—Lands are acquired to protect the watersheds of navigable streams and to increase the production of timber with the approval of the National Forest Reservation Commission. The present acquisition program is only for purchase of small tracts within the 55 approved purchase areas.

2. *Forest research*.—Research is conducted at nine regional forest experiment stations, the Forest Products Laboratory, and elsewhere.

(a) *Forest and range management*.—This research provides private and public land managers and owners with a sound basis for protection and management of timber, range, and watershed lands. Studies are conducted to maintain a sustained yield of products at the lowest possible costs; increase forage on rangelands for maximum production of livestock without damage to soil, watershed, or other values; assure maximum regular flow of usable water, and reduce flood and sedimentation.

(b) *Forest protection*.—Research is conducted to develop sound measures for the protection of forests from damage by fire, insects, and diseases. These investigations provide the technical basis for control and preventive measures, including predictions of fire danger.

(c) *Forest products utilization*.—Studies are conducted to develop new and improved forest products, reduction and utilization of waste, and use of low-quality wood and unpopular species. They include studies to reduce costs of logging and wood utilization, and to develop basic knowledge of wood and disseminate this to forest owners, manufacturers, fabricators, and consumers.

(d) *Forest resources*.—These investigations are conducted to inventory and appraise the condition of forest lands, volume and quality of standing timber, ownership of timber resources, annual growth and depletion, potential need for timber products, and information on production and marketing of forest products.

MAIN WORKLOAD FACTORS

[Acres in millions]

	1958 actual	1959 estimate	1960 estimate
Initial surveys (annual).....	14	25	30
Initial surveys (cumulative).....	528	553	583
To be surveyed (total) ¹	254	229	199
Resurveys (annual).....	36	30	30
Resurveys (cumulative).....	318	348	378

¹ Includes all of Alaska and Hawaii.

3. *State and private forestry cooperation.*—This program, carried on in cooperation with the States, encourages private timber management. Privately owned forest lands comprise three-fourths of the Nation's commercial forest area and produce about 85% of all timber cut. The fire control program applies to all State and private forest lands within the boundaries of organized protection units. The remainder of the program is concentrated on small forest properties in private ownership because they are in greater need of management.

(a) *Forest fire control.*—Assistance is furnished 45 States and Hawaii in preventing and suppressing forest fires on private and State owned lands by financial aid, training, procurement of equipment, and a nationwide fire prevention campaign. About 91% of the 435 million acres of non-Federal ownership are now partially covered. During 1957 the acreage burned on protected areas was 0.28% as against an estimated 5.46% on unprotected lands. Of the total expenditures under this program, 75% is contributed by States and counties, 4% by private owners, and 21% by the Federal Government.

(b) *Forest tree planting.*—To encourage woodland owners to reforest unproductive portions of their holdings, and farmers to plant wind barriers around their fields and farmsteads—a total of more than 53 million acres altogether—the States provide planting stock at less than cost. The Federal Government shares the cost of producing the stock with the State and private landowners.

(c) *Forest management and processing.*—In cooperation with State foresters, 314 projects in 1,481 counties are operated to aid small woodland owners in applying good management to their timber holdings. In 1957 these projects covered some 44,500 owners and over three million acres.

(d) *General forestry assistance.*—Technical forest management assistance is provided to State, community, private, and other Federal agencies, forest industries, colleges, and landowners.

Object Classification

	1958 actual	1959 estimate	1960 estimate
FOREST SERVICE			
Total number of permanent positions.....	8,667	9,185	9,530
Full-time equivalent of all other positions.....	3,921	4,024	3,872
Average number of all employees.....	11,584	12,254	12,413
Number of employees at end of year.....	17,023	17,650	17,395
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
Personal services:			
Permanent positions.....	\$40,662,276	\$47,011,876	\$48,745,256
Positions other than permanent.....	10,811,199	12,621,218	12,066,418
Other personal services.....	3,914,308	2,373,331	2,382,931
Total personal services.....	55,387,783	62,006,425	63,194,605
02 Travel.....	2,915,770	3,208,000	3,325,300
03 Transportation of things.....	870,049	754,900	865,100
04 Communication services.....	712,702	716,200	728,600
05 Rents and utility services.....	864,083	915,200	921,200
06 Printing and reproduction.....	620,705	593,200	618,300
07 Other contractual services.....	5,419,788	5,805,200	4,628,400
Services performed by other agencies.....	5,523,787	5,277,600	5,264,600
08 Supplies and materials.....	8,346,840	7,006,076	6,813,496
09 Equipment.....	3,038,367	2,777,000	2,288,700
10 Lands and structures.....	2,356,169	5,925,000	2,064,600
11 Grants, subsidies, and contributions.....	2,359,844	3,064,300	3,177,000
Payments to States.....	11,974,376	11,701,200	11,201,200
13 Refunds, awards, and indemnities.....	62,470	43,800	40,900

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
FOREST SERVICE—continued			
15 Taxes and assessments.....	\$419,856	\$358,500	\$347,500
1959 program obligated in 1958.....	625,348	—625,348	—
Subtotal.....	101,377,937	109,527,253	105,479,501
Deduct quarters and subsistence charges.....	981,941	993,811	1,107,911
Total, Forest Service.....	100,395,996	108,533,442	104,371,590
ALLOCATION TO DEPARTMENT OF THE INTERIOR			
Total number of permanent positions.....	4	5	5
Full-time equivalent of all other positions.....	78	74	74
Average number of all employees.....	83	80	80
Number of employees at end of year.....	226	223	223
Average GS grade and salary.....	7.5 \$5,044	7.6 \$5,490	7.6 \$5,568
01 Personal services:			
Permanent positions.....	\$32,986	\$30,101	\$30,989
Positions other than permanent.....	282,604	285,257	284,140
Other personal services.....	19,192	16,123	16,361
Total personal services.....	334,782	331,481	331,490
02 Travel.....	7,269	8,480	8,480
03 Transportation of things.....	3,197	2,900	2,900
04 Communication services.....	2,749	3,500	3,500
05 Rents and utility services.....	5,641	5,200	5,200
06 Printing and reproduction.....	2	20	20
07 Other contractual services.....	73,672	60,436	60,410
08 Supplies and materials.....	69,230	49,740	49,755
09 Equipment.....	29,966	13,420	13,420
11 Grants, subsidies, and contributions.....	3,041	2,748	2,750
13 Refunds, awards, and indemnities.....	237	—	—
15 Taxes and assessments.....	6,131	6,050	6,050
16 Investments and loans.....	175	175	175
Subtotal.....	536,092	484,150	484,150
Deduct quarters and subsistence charges.....	8,504	5,740	5,740
Total, Department of the Interior.....	527,588	478,410	478,410
Total obligations.....	100,923,584	109,011,852	104,850,000

FOREST ROADS AND TRAILS

For expenses necessary for carrying out the provisions of [section 23 of the Federal Highway Act approved November 9, 1921, as amended (23 U. S. C. 23, 23a)] *title 23, United States Code, sections 203 and 205, relating to the construction and maintenance of forest development roads and trails, [including the construction, reconstruction, and maintenance of roads and trails on experimental areas under Forest Service administration, \$26,000,000] \$24,000,000, to remain available until expended, [and this amount may be used to the extent necessary] for liquidation of obligations incurred pursuant to authority contained in [section 106 of the Federal-Aid Highway Act of 1956 (23 U. S. C. 155) and section 6 of the Federal-Aid Highway Act of 1958 (Public Law 85-381)] *title 23, United States Code, section 203: Provided, That funds available under the Act of March 4, 1913 (16 U. S. C. 501), shall be merged with and made a part of this appropriation: Provided further, That not less than the amount made available under the provisions of the Act of March 4, 1913, shall be expended under the provisions of such Act. (5 U. S. C. 565a; Department of the Interior and Related Agencies Appropriation Act, 1959.)**

Appropriated 1959, \$26,000,000

Estimate 1960, \$24,000,000

Program and Financing

	1953 actual	1959 estimate	1960 estimate
Program by activities:			
1. Construction of roads and trails.....	\$33,790,155	\$25,400,894	\$25,000,000
2. Maintenance of roads and trails.....	9,910,802	10,400,000	10,400,000
Total obligations.....	43,700,957	35,800,894	35,400,000
Financing:			
Unobligated balance brought forward:			
Appropriation.....	—825,864	—	—
Contract authorization.....	—27,000,000	—26,915,894	—30,000,000
Unobligated balance carried forward (contract authorization).....	26,915,894	30,000,000	36,000,000
New obligational authority.....	42,790,987	38,885,000	41,400,000
New obligational authority:			
Contract authorization (new) (23 U. S. C. 203).....	\$32,000,000	\$30,000,000	\$30,000,000
Permanent indefinite appropriation (16 U. S. C. 501).....	10,790,987	8,885,000	11,400,000

FOREST SERVICE—Continued

Current authorizations—Continued

FOREST ROADS AND TRAILS—Continued

Roads and trails are essential to protection and management of national forests and utilization of their resources. The system consists of approximately 149,750 miles of earth or gravel surfaced roads and 115,375 miles of supplemental trails.

The 1960 program will permit the construction of about 280 miles of general purpose roads and about 440 miles of timber access roads to harvest national forest timber, a total of 720 miles. This compares with 839 miles constructed in 1958 and 900 being constructed in 1959.

Beginning in 1958, this program is being financed on the basis of contract authorizations provided in the Federal-Aid Highway Acts of 1956 and 1958.

Ten percent of the amounts received annually from national forest activities is available under the permanent appropriation Roads and trails for States for construction and maintenance within the State from which such proceeds are derived (16 U. S. C. 501). Such amounts are merged with this appropriation for obligational purposes.

Object Classification

	1958 actual	1959 estimate	1960 estimate
FOREST SERVICE			
Total number of permanent positions.....	1,797	1,906	1,906
Full-time equivalent of all other positions.....	1,455	1,376	1,376
Average number of all employees.....	3,162	3,099	3,099
Number of employees at end of year.....	4,644	4,689	4,689
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$8,666,280	\$9,366,255	\$9,366,255
Positions other than permanent.....	4,739,938	4,560,077	4,560,077
Other personal services.....	228,674	215,661	219,250
Total personal services.....	13,634,892	14,141,993	14,145,582
02 Travel.....	684,725	714,000	714,000
03 Transportation of things.....	153,641	164,880	164,900
04 Communication services.....	170,061	160,000	160,000
05 Rents and utility services.....	323,167	315,000	315,000
06 Printing and reproduction.....	129,079	51,820	51,900
07 Other contractual services.....	4,459,503	3,574,525	3,575,200
Services performed by other agencies.....	3,240,637	2,996,600	2,996,600
08 Supplies and materials.....	3,767,155	3,382,508	3,378,900
09 Equipment.....	848,794	710,400	710,400
10 Lands and structures.....	8,396,560	6,177,993	2,739,668
11 Grants, subsidies, and contributions.....	499,015	572,800	572,800
13 Refunds, awards, and indemnities.....	33,695	32,100	32,100
15 Taxes and assessments.....	139,201	133,300	133,300
Subtotal.....	36,485,125	33,127,919	29,690,350
Deduct quarters and subsistence charges.....	292,674	279,000	290,350
Total, Forest Service.....	36,192,451	32,848,919	29,400,000
ALLOCATION TO BUREAU OF PUBLIC ROADS, DEPARTMENT OF COMMERCE			
Total number of permanent positions.....	110	110	110
Full-time equivalent of all other positions.....	30	47	47
Average number of all employees.....	129	155	155
Number of employees at end of year.....	150	180	180
Average GS grade and salary.....	7.7 \$5,883	7.8 \$6,502	7.9 \$6,604
01 Personal services:			
Permanent positions.....	\$475,685	\$532,210	\$538,400
Positions other than permanent.....	107,975	190,865	194,210
Other personal services.....	16,389	29,405	32,180
Total personal services.....	600,049	752,480	764,790
02 Travel.....	144,424	147,000	146,800
03 Transportation of things.....	1,029	1,300	1,300
04 Communication services.....	2,194	2,500	2,500
05 Rents and utility services.....	31,014	55,200	55,200
06 Printing and reproduction.....	2,873	3,000	3,000
07 Other contractual services.....			
Services performed by other agencies.....	472,915	610,660	592,690
08 Supplies and materials.....	25,221	31,000	31,000
09 Equipment.....	440		
10 Lands and structures.....	6,191,912	1,324,890	4,378,770
11 Grants, subsidies, and contributions.....	36,652	20,750	20,755
15 Taxes and assessments.....	48	3,195	3,195
Subtotal.....	7,508,771	2,951,975	6,000,000
Deduct quarters and subsistence charges.....	265		
Total, Bureau of Public Roads.....	7,508,506	2,951,975	6,000,000
Total obligations.....	43,700,957	35,800,894	35,400,000

FOREST ROADS AND TRAILS (LIQUIDATION OF CONTRACT AUTHORIZATION)

Status of Unfunded Contract Authorization

	1958 actual	1959 estimate	1960 estimate
Unfunded balance at beginning of year.....	\$27,000,000	\$34,664,000	\$38,664,000
Contract authorization (new).....	32,000,000	30,000,000	30,000,000
Unfunded balance at end of year.....	-34,664,000	-38,664,000	-44,664,000
Appropriation to liquidate contract authorization.....	24,336,000	26,000,000	24,000,000

NOTE.—This program is described under "Forest roads and trails."

ACQUISITION OF LANDS FOR NATIONAL FORESTS

CACHE NATIONAL FOREST

For the acquisition of lands within the boundaries of the Cache National Forest, Utah, under the authority of the Act of July 24, 1956 (70 Stat. 632), \$50,000, to remain available until expended. (Department of the Interior and Related Agencies Appropriation Act, 1959.)

Appropriated 1959, \$50,000

Estimate 1960, \$50,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Acquisition of lands for Cache National Forest (total obligations).....		\$103,416	\$50,000
Financing:			
Unobligated balance brought forward.....	-\$3,416	-\$3,416	
Unobligated balance carried forward.....	53,416		
Appropriation (new obligational authority).....	50,000	50,000	50,000

Lands are acquired within the Cache National Forest, Utah, to enable control and minimization of soil erosion and flood damage. The 1960 appropriation requested will complete the authorization of \$200,000.

Object Classification

	1958 actual	1959 estimate	1960 estimate
10 Lands and structures.....		\$103,416	\$50,000

SPECIAL ACTS

(Special fund)

For the acquisition of land in the Cache National Forest, Utah, in accordance with the Act of May 11, 1938 (52 Stat. 347), as amended, \$10,000, to be derived from forest receipts as authorized by said Act: *Provided*, That no part of this appropriation shall be used for acquisition of any land which is not within the boundaries of a national forest: *Provided further*, That no part of this appropriation shall be used for the acquisition of any land without the approval of the local government concerned. (Department of the Interior and Related Agencies Appropriation Act, 1959.)

Appropriated 1959, \$10,000

Estimate 1960, \$10,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Cache National Forest, Utah (total obligations).....	\$8,687	\$10,000	\$10,000
Financing:			
Appropriation (new obligational authority).....	8,687	10,000	10,000

On the basis of agreements with certain counties in Utah, national forest receipts, including portions which would normally be paid to county road and school funds,

are appropriated for purchase of privately owned lands within the Cache National Forest to aid in the control of soil erosion and flood damage.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....		1	1
Average number of all employees.....	1	1	1
Number of employees at end of year.....	0	0	0
Average GS grade and salary.....		6.7 \$5,589	6.8 \$5,589
01 Personal services:			
Permanent positions.....		\$651	\$651
Positions other than permanent.....	\$228		
04 Communication services.....	105		
07 Other contractual services.....		2	2
10 Lands and structures.....	8,349	9,302	9,302
11 Grants, subsidies, and contributions.....		45	45
15 Taxes and assessments.....	5		
Total obligations.....	8,687	10,000	10,000

SUPERIOR NATIONAL FOREST

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Acquisition of lands for Superior National Forest (total obligations).....	\$236,195	\$531,895	
Financing:			
Unobligated balance brought forward.....	-268,090	-531,895	
Unobligated balance carried forward.....	531,895		
Appropriation (new obligational authority).....	500,000		

As of June 30, 1959, approximately 37,000 acres of land will have been acquired to preserve the wilderness conditions of part of the Superior National Forest in Minnesota.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	2	1	
Average number of all employees.....	2	1	
Number of employees at end of year.....	2	1	
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	
01 Personal services:			
Permanent positions.....	\$12,754	\$9,378	
Positions other than permanent.....	86		
Other personal services.....	68		
Total personal services.....	12,908	9,378	
02 Travel.....	1,013	1,002	
04 Communication services.....	22		
05 Rents and utility services.....	5	46	
07 Other contractual services.....	186	50	
Services performed by other agencies.....	675	600	
08 Supplies and materials.....	45	100	
10 Lands and structures.....	220,543	520,109	
11 Grants, subsidies, and contributions.....	342	610	
15 Taxes and assessments.....	456		
Total obligations.....	236,195	531,895	

COOPERATIVE RANGE IMPROVEMENTS

(Special fund)

For artificial revegetation, construction, and maintenance of range improvements, control of rodents, and eradication of poisonous and noxious plants on national forests [as authorized by] in accordance with section 12 of the Act of April 24, 1950 (16 U. S. C. 580h), to be derived from grazing fees as authorized by said section, \$700,000, to remain available until expended. (Department of the Interior and Related Agencies Appropriation Act, 1959.)

Appropriated 1959, \$700,000

Estimate 1960, \$700,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Advanced to "Forest protection and utilization" (total obligations).....	\$735,629	\$700,000	\$700,000
Financing:			
Unobligated balance brought forward.....	-35,629		
Appropriation (new obligational authority).....	700,000	700,000	700,000

Part of the grazing fees from the national forests, when appropriated, are used to protect or improve the productivity of the range, mainly by construction and maintenance of fences, stock watering facilities, bridges, corrals, and driveways. These funds are advanced to and merged with the appropriation Forest protection and utilization, subappropriation Forest land management.

Object Classification

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services.....	\$735,629	\$700,000	\$700,000

ASSISTANCE TO STATES FOR TREE PLANTING

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Tree planting assistance (total obligations).....	\$491,225	\$8,775	
Financing:			
Unobligated balance brought forward.....		-8,775	
Unobligated balance carried forward.....	8,775		
Appropriation (new obligational authority).....	500,000		

To carry out section 401 of the Agricultural Act of 1956, assistance was given in 1958 and 1959 to the State forester or other State official, through technical advice and financial contribution, to carry out increased tree planting and reforestation work in accordance with plans submitted by the State and approved by the Secretary of Agriculture.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	4		
Average number of all employees.....	4		
Number of employees at end of year.....	3		
Average GS grade and salary.....	6.6 \$5,008		
01 Personal services:			
Permanent positions.....	\$23,653		
Positions other than permanent.....	16		
Other personal services.....	48		
Total personal services.....	23,717		
02 Travel.....	3,280		
04 Communication services.....	3		
07 Other contractual services.....	77		
Services performed by other agencies.....	56		
08 Supplies and materials.....	69		
09 Equipment.....	41		
10 Lands and structures.....	10		
11 Grants, subsidies, and contributions.....	988		
Payments to States.....	462,820	\$8,775	
15 Taxes and assessments.....	164		
Total obligations.....	491,225	8,775	

GENERAL PROVISIONS—FOREST SERVICE

SEC. 201. Appropriations available to the Forest Service for the current fiscal year shall be available for: (a) purchase of not to

FOREST SERVICE—Continued

Current authorizations—Continued

GENERAL PROVISIONS—FOREST SERVICE—Continued

exceed [one hundred and twenty] *seventy-five* passenger motor vehicles for replacement only, and hire of such vehicles; operation and maintenance of aircraft and the purchase of not to exceed [six of which four shall be] *three* for replacement only; (b) employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), in an amount not to exceed \$25,000; (c) [maintenance, improvement, and construction of aircraft landing fields in, or adjacent to, the national forests, in an amount not to exceed \$250,000; (d)] uniforms, or allowances therefor, as authorized by the Act of September 1, 1954, as amended (5 U. S. C. 2131); [(e)] (d) purchase, erection, and alteration of buildings and other public improvements: *Provided*, That any building, the cost of which as improved was \$25,000 or more, shall not be improved within any fiscal year by an amount in excess of 5 per centum of such cost] (5 U. S. C. 565a) [except that an additional \$400,000 may be used for improvements at the Forest Products Laboratory]; and [(f)] (e) expenses of the National Forest Reservation Commission as authorized by section 14 of the Act of March 1, 1911 (16 U. S. C. 514).

SEC. 202. Except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated to the Forest Service shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States.

SEC. 203. No part of any appropriation to the Forest Service in this Act shall be used for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

SEC. 204. The Secretary may sell at market value any property located in Yalobusha, Chickasaw, and Pontotoc Counties, Mississippi, administered under title III of the Act of July 22, 1937, and suitable for return to private ownership under such terms and conditions as would not conflict with the purposes of said Act.

SEC. 205. Funds appropriated under this Act shall not be used for acquisition of forest lands under the provisions of the Act approved March 1, 1911, as amended (16 U. S. C. 513-519, 521), where such land is not within the boundaries of a national forest nor shall these lands or lands authorized for purchase in Sanders County, Montana, be acquired without the approval of the local government concerned. (*Department of the Interior and Related Agencies Appropriation Act, 1959.*)

ALLOCATIONS AND ALLOTMENTS RECEIVED FROM OTHER ACCOUNTS

NOTE.—Obligations incurred under allocations or allotments from other accounts are included in the schedules of the parent appropriations as follows:
 "Watershed protection," Soil Conservation Service.
 "Flood prevention," Soil Conservation Service.
 "Agricultural conservation program," Agricultural Conservation Program Service.
 "Conservation reserve," soil bank programs.
 "Great Plains conservation program," Soil Conservation Service.
 "Construction, general," rivers and harbors and flood control, Army.
 "Mutual security," funds appropriated to the President.
 "Translation of publications and scientific cooperation," funds appropriated to the President.

Permanent authorizations:

EXPENSES, BRUSH DISPOSAL

(Indefinite special fund)

Appropriated (est.) 1959, \$5,000,000 Estimate 1960, \$5,000,000

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Brush disposal.....	\$4,116,101	\$5,000,000	\$5,000,000
2. Fighting forest fires.....	550,369		
Total obligations.....	4,666,470	5,000,000	5,000,000
Financing:			
Unobligated balance brought forward.....	-2,675,520	-1,775,362	-2,325,731
Advances and reimbursements from other accounts.....		-550,369	
Unobligated balance carried forward.....	1,775,362	2,325,731	2,325,731
Appropriation (new obligational authority).....	3,766,312	5,000,000	5,000,000

Payments made for this purpose by purchasers of national-forest timber are used to dispose of slash and other debris that result from cutting operations (16 U. S. C. 490).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	201	182	182
Full-time equivalent fall other positions.....	503	544	544
Average number of all employees.....	720	778	778
Number of employees at end of year.....	1,481	1,559	1,559
Average GS grade and salary.....	6.6 \$5,068	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$1,091,374	\$1,150,518	\$1,150,518
Positions other than permanent.....	1,750,024	2,066,843	2,066,843
Other personal services.....	292,535	118,863	123,288
Total personal services.....	3,133,933	3,336,224	3,340,649
02 Travel.....	32,941	36,000	36,000
03 Transportation of things.....	23,103	25,000	25,000
04 Communication services.....	21,961	25,000	25,000
05 Rents and utility services.....	45,696	50,000	50,000
06 Printing and reproduction.....	1,988	2,000	2,000
07 Other contractual services.....	311,459	415,757	415,651
Services performed by other agencies.....	401,172	417,000	417,000
08 Supplies and materials.....	427,414	415,000	410,600
09 Equipment.....	177,636	195,000	195,000
10 Lands and structures.....	65,150	120,000	120,000
11 Grants, subsidies, and contributions.....	55,922	71,995	72,000
13 Refunds, awards, and indemnities.....	80,005	1,100	1,100
15 Taxes and assessments.....	44,450	46,624	46,700
Subtotal.....	4,822,830	5,156,700	5,156,700
Deduct quarters and subsistence charges.....	156,360	156,700	156,700
Total obligations.....	4,666,470	5,000,000	5,000,000

OTHER FOREST SERVICE PERMANENT APPROPRIATIONS

(Indefinite special funds unless otherwise indicated)

Appropriated (est.) 1959, \$22,888,474 Estimate 1960, \$29,264,474

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Forest fire prevention.....	\$16,276	\$30,929	\$20,000
2. Restoration of forest lands and improvements.....		100,000	100,000
3. Payment to Minnesota.....	47,951	48,000	48,000
4. Payments due counties, submarginal land program.....	558,249	400,000	400,000
5. Payments to school funds, Arizona and New Mexico.....	105,474	105,474	105,474
6. Payments to States and Territories.....	26,975,307	22,215,000	28,575,000
7. Construction of improvements, Salt Lake City, Utah.....			16,000
Total obligations.....	27,703,257	22,899,403	29,264,474
Financing:			
Unobligated balance brought forward.....	-4,825	-10,929	
Unobligated balance carried forward.....	10,929		
New obligational authority.....	27,709,361	22,888,474	29,264,474
New obligational authority:			
"Forest fire prevention".....	\$22,380	\$20,000	\$20,000
"Restoration of forest lands and improvements".....		100,000	100,000
"Payment to Minnesota (Cook, Lake, and St. Louis Counties) from the national forests fund".....	47,951	48,000	48,000
"Payments due counties, submarginal land program, Farm Tenant Act".....	558,249	400,000	400,000
"Payments to school funds, Arizona and New Mexico, act of June 20, 1910" (indefinite general fund).....	105,474	105,474	105,474
"Payments to States and Territories from the national forests fund".....	26,975,307	22,215,000	28,575,000
"Construction of improvements, Salt Lake City, Utah".....			16,000
Appropriation.....	27,709,361	22,888,474	29,264,474

1. *Forest fire prevention.*—Fees for the use of the character "Smokey Bear" by private enterprises are collected under regulations promulgated by the Secretary and are available for furthering the nationwide forest fire prevention campaign (18 U. S. C. 711).

2. *Restoration of forest lands and improvements.*—Funds received from settlement of claims involving damage to lands or improvements and from forfeiture of deposits and bonds by permittees and timber purchasers are used for the restoration made necessary by the action which led to the settlement or forfeiture (72 Stat. 217).

3. *Payment to Minnesota.*—At the close of each fiscal year the State of Minnesota is paid 0.75% of the appraised value of certain Superior National Forest lands in the counties of Cook, Lake, and Saint Louis for distribution to these counties (16 U. S. C. 577g).

4. *Payments due counties, submarginal land program.*—Of the revenues received from the use of submarginal lands, 25% is paid to the counties in which such land is situated for school and road purposes (7 U. S. C. 1012).

5. *Payments to school funds, Arizona and New Mexico.*—The States of Arizona and New Mexico are paid a share of the national-forest receipts for school purposes (36 Stat. 562, 573).

6. *Payments to States and Territories.*—With minor exceptions, 25% of the money received from the national forests is paid to the States and Territories for public schools and roads of the county in which such forests are situated (16 U. S. C. 500).

7. *Construction of improvements, Salt Lake City, Utah.*—Funds from sale of Forest Service property to Salt Lake City will be used for construction of a fire warehouse and related facilities (72 Stat. 589).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	2	3	3
Full-time equivalent of all other positions.....		7	7
Average number of all employees.....	2	12	12
Number of employees at end of year.....	2	3	3
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
01 Personal services:			
Permanent positions.....	\$8,624	\$22,710	\$22,710
Positions other than permanent.....		39,558	39,558
Other personal services.....	110	8,158	8,245
Total personal services.....	8,734	70,426	70,513
02 Travel.....		3,900	3,900
03 Transportation of things.....		100	100
04 Communication services.....	2,500	3,500	3,500
05 Rents and utility services.....		100	100
06 Printing and reproduction.....	3,219	5,700	5,700
07 Other contractual services.....	25	10,483	10,483
Services performed by other agencies.....		5,900	5,900
08 Supplies and materials.....	1,336	10,700	10,613
09 Equipment.....		500	500
10 Lands and structures.....		8,100	24,100
11 Grants, subsidies, and contributions.....	27,687,443	22,779,210	29,128,281
15 Taxes and assessments.....		784	784
Total obligations.....	27,703,257	22,899,403	29,264,474

Intragovernmental funds:

WORKING CAPITAL FUND, FOREST SERVICE

This fund finances on a reimbursable basis various services such as repairing and replacing equipment, stocking and issuing supplies, and operation of photographic and reproduction facilities in support of programs of the Forest Service (16 U. S. C. 579b). These service operations serve programs of fire protection, timber utilization, construction and maintenance of roads and other improvements, reforestation, grazing, watershed, forest and forest products research, and kindred conservation activities of the Forest Service, including cooperative assistance with other Federal agencies, States, counties, and individuals engaged in the same objectives. Government investment in the fund as of June 30, 1958, including donated assets at its inception and retained earnings for

fiscal year 1958, is \$15,379,340. By the end of 1960 the investment is anticipated to be \$18,524,340, an increase of \$3,145,000, which represents estimated earnings and donations during 1959 and 1960.

Sources and Applications of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Equipment and supply service:			
Acquisition of equipment.....	\$2,751,667	\$3,251,820	\$3,449,820
Expense:			
Purchase of commodities and materials.....	3,869,470	4,292,000	4,691,000
Other expense.....	6,347,672	6,455,180	6,426,000
Increase in selected working capital.....	777,388	290,742	140,180
Total gross expenditures.....	13,746,197	14,289,742	14,707,000
Receipts from operations (funds provided):			
Equipment and supply service:			
Revenue.....	13,171,218	13,784,000	14,284,000
Proceeds from sale of equipment.....	652,414	496,000	483,000
Selected working capital assumed.....	7,065		
Total receipts from operations.....	13,830,697	14,280,000	14,767,000
Budget expenditures.....	-84,500	9,742	-60,000

Revenue, Expense, and Retained Earnings

Equipment and supply service:			
Revenue.....	\$13,171,218	\$13,784,000	\$14,284,000
Expense.....	13,045,906	13,743,000	14,234,000
Net operating income, equipment and supply service.....	125,312	41,000	50,000
Nonoperating income:			
Proceeds from sale of equipment.....	652,414	496,000	483,000
Net book value of equipment sold (—).....	-243,819	-110,000	-120,000
Net nonoperating income.....	408,595	386,000	363,000
Net income for the year.....	533,907	427,000	413,000
Retained earnings, beginning of year.....	104,388	638,295	1,065,295
Retained earnings, end of year.....	638,295	1,065,295	1,478,295

Financial Condition

Assets:			
Cash with Treasury.....	\$1,506,266	\$1,496,524	\$1,556,524
Accounts receivable.....	1,686,235	1,778,000	2,100,000
Advances.....	1,104	2,000	2,000
Commodities, materials, and supplies.....	813,820	820,000	1,030,000
Equipment, net.....	13,273,816	15,343,636	15,721,456
Total assets.....	17,281,241	19,440,160	20,409,980
Liabilities:			
Current.....	1,901,901	1,703,820	1,885,640
Government investment:			
Non-interest-bearing capital:			
Start of year.....	12,990,606	14,741,045	16,671,045
Assets assumed during the year.....	1,750,439	1,930,000	375,000
End of year.....	14,741,045	16,671,045	17,046,045
Retained earnings.....	638,295	1,065,295	1,478,295
Total Government investment.....	15,379,340	17,736,340	18,524,340

NOTE.—Unpaid undelivered orders are as follows: June 30, 1957, \$875,622; 1958, \$1,214,426; 1959, \$1,280,000; 1960, \$931,705.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	544	559	559
Full-time equivalent of all other positions.....	78	112	112
Average number of all employees.....	624	683	683
Number of employees at end of year.....	681	726	726
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$2,726,498	\$2,934,684	\$2,934,684
Positions other than permanent.....	369,624	421,365	421,365
Other personal services.....	49,027	95,900	107,203
Total personal services.....	3,145,149	3,451,949	3,463,252
02 Travel.....	145,734	150,000	150,000
03 Transportation of things.....	98,041	110,000	110,000
04 Communication services.....	54,612	60,000	60,000
05 Rents and utility services.....	131,122	135,000	135,000
06 Printing and reproduction.....	20,231	20,000	20,000

FOREST SERVICE—Continued

Intragovernmental funds—Continued

WORKING CAPITAL FUND, FOREST SERVICE—Continued

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services.....	\$816,554	\$989,484	\$998,353
Services performed by other agencies.....	258,251	260,000	250,000
08 Supplies and materials.....	4,559,759	4,641,180	4,613,600
09 Equipment.....	3,916,042	4,078,193	4,247,820
11 Grants, subsidies, and contributions.....	152,337	164,207	165,000
13 Refunds, awards, and indemnities.....	1,217	1,500	1,500
15 Taxes and assessments.....	18,821	13,457	13,500
Subtotal.....	13,317,870	14,074,970	14,228,025
Deduct quarters and subsistence charges.....	9,153	9,500	9,500
Total obligations.....	13,308,717	14,065,470	14,218,525

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Repair of equipment and sale of supplies, materials, and equipment to other activities of Forest Service; the Departments of Agriculture, Commerce, Interior, Defense, and Post Office; Veterans Administration; Atomic Energy Commission; and other agencies.....	\$503,923	\$1,600,000	\$1,600,000
2. Construction and maintenance of roads, trails, and other improvements.....	904,257	1,500,000	1,500,000
3. Forest fire protection and suppression.....	703,329	1,000,000	1,000,000
4. Surveys, land appraisals, mapping, cruising timber, and preparation of timber management plans, snow scale readings, etc., on national forest and other lands.....	443,325	720,000	720,000
5. Insect and disease control.....	73,923	200,000	200,000
6. Forest research at experimental forests and ranges.....	258,307	330,000	330,000
7. Investigations at Forest Products Laboratory.....	856,859	1,080,000	1,080,000
8. Forest resources surveys and investigations.....	128,697	160,000	160,000
9. Cooperation in forest fire control, forest management and processing, and forest tree planting.....	347,309	593,000	593,000
Total obligations.....	4,219,929	7,183,000	7,183,000
Financing:			
Advances and reimbursements from—			
Other accounts.....	3,532,453	6,228,000	6,228,000
Non-Federal sources (16 U. S. C. 504a, 572, 580, 580a; 40 U. S. C. 481 (c)).....	687,476	955,000	955,000
Total financing.....	4,219,929	7,183,000	7,183,000

Object Classification

Total number of permanent positions.....	320	388	388
Full-time equivalent of all other positions.....	187	390	390
Average number of all employees.....	537	840	840
Number of employees at end of year.....	496	685	685
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569
01 Personal services:			
Permanent positions.....	\$1,862,229	\$2,569,252	\$2,569,252
Positions other than permanent.....	602,109	1,166,614	1,166,614
Other personal services.....	111,812	93,782	103,680
Total personal services.....	2,576,150	3,829,648	3,839,546
02 Travel.....	54,357	120,000	120,000
03 Transportation of things.....	14,061	35,000	35,000
04 Communication services.....	15,840	30,000	30,000
05 Rents and utility services.....	38,994	43,000	48,000
06 Printing and reproduction.....	19,127	20,000	20,000

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services.....	\$390,877	\$958,997	\$958,834
Services performed by other agencies.....	449,191	881,040	881,000
08 Supplies and materials.....	511,064	966,100	956,300
09 Equipment.....	72,120	95,000	95,000
10 Lands and structures.....	21,946	40,000	40,000
11 Grants, subsidies, and contributions.....	72,466	160,030	160,100
13 Refunds, awards, and indemnities.....	123	2,000	2,000
15 Taxes and assessments.....	13,371	31,585	31,620
Subtotal.....	4,219,687	7,217,400	7,217,400
Deduct quarters and subsistence charges.....	29,758	34,400	34,400
Total obligations.....	4,219,929	7,183,000	7,183,000

Proposed for later transmission:

FOREST PROTECTION AND UTILIZATION

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Forest land management: (b) Fighting forest fires (total obligations).....		\$7,500,000	
Financing:			
Proposed supplemental appropriation.....		7,500,000	

Under existing legislation, 1959.—A supplemental appropriation for 1959 in the amount of \$7,500,000 is anticipated for fighting forest fires.

GENERAL PROVISIONS

SEC. 401. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [466] *four hundred and twenty-five* passenger motor vehicles of which [462] *four hundred and twenty-three* shall be for replacement only, and for the hire of such vehicles.

SEC. 402. Provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

SEC. 403. Funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U. S. C. 2131).

SEC. 404. No part of the funds appropriated by this Act shall be used for the payment of any officer or employee of the Department who, as such officer or employee, or on behalf of the Department or any division, commission, or bureau thereof, issues, or causes to be issued, any prediction, oral or written, or forecast, except as to damage threatened or caused by insects and pests, with respect to future prices of cotton or the trend of same.

SEC. 405. Except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated by this Act shall be expended in the purchase of twine manufactured from commodities or materials produced outside of the United States.

SEC. 406. Not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, [and] July 28, 1954, and September 6, 1958 (7 U. S. C. 427, 1621-1629; 72 Stat. 1793), shall be available for contracting or grants in accordance with said Acts.

SEC. 407. No part of any appropriation contained in this Act or of the funds available for expenditure by any corporation or agency included in this Act shall be used for publicity or propaganda purposes to support or defeat legislation pending before the Congress. (*Department of Agriculture and Farm Credit Administration Appropriation Act, 1959.*)

Statement of proposed obligations for purchase and hire of passenger motor vehicles for the fiscal year 1960

Appropriation	Motor vehicles to be purchased		Old vehicles to be exchanged		Net cost of vehicles to be purchased	Old vehicles still to be used	Cost of hire of motor vehicles	Users and public purpose
	Number	Gross cost	Number	Allowance (estimate)				
AGRICULTURAL RESEARCH SERVICE								
Salaries and expenses: Research.....	52	\$78,000	52	\$14,300	\$63,700	323	\$24,500	Scientific and technical personnel: For necessary field travel in carrying out research programs on agricultural problems relating to production and utilization of agricultural products, including use of one automobile at National Arboretum in Washington, D. C.
Station wagon.....	12	23,400	11	2,750	20,650	23	500	Do.
Ambulance.....						1		Officials and employees at Plum Island, N. Y., Foot-and-Mouth Research Laboratory: For use of employees who may require ambulance service. No private vehicle allowed on Island.
Bus.....	1	5,000			5,000	5		Officials and employees at Plum Island, N. Y., Foot-and-Mouth Research Laboratory: For use in transporting employees from ferry to laboratory and return. No private vehicles allowed on Island.
Plant and animal disease and pest control.	181	271,500	181	49,775	221,725	575	150,000	Inspection personnel and control supervisors: Transportation to farms, ranches, and other premises in field and urban locations in carrying out plant and animal disease and pest control, including inspection and quarantine work.
Station wagon.....						4		Do.
Meat inspection.....						16	17,000	Inspection personnel: Transportation to slaughter houses and meat packing plants in urban centers, including field station in District of Columbia, in carrying out provisions of laws relating to Federal inspection of meat and meat food products.
Working capital fund.....						5		Superintendent, engineers, and other officials: Transportation in supervising and inspecting maintenance and operation of agricultural research center and for transporting officials and visiting agricultural leaders to and from various sections of the center.
Total, Agricultural Research Service.	246	377,900	244	66,825	311,075	952	192,000	
SOIL CONSERVATION SERVICE								
Conservation operations.....	131	186,400	133	30,200	156,200	689	77,000	State and area conservationists, technical specialists, and survey supervisors: Transportation in connection with supervision and inspection of service activities in conservation districts.
Station wagon.....						3		Do.
Watershed protection.....	1	1,400	1	200	1,200	22	1,000	Project personnel: Transportation for investigation and planning of proposed small watershed projects; surveying and supervising installation of work of improvement in authorized projects, and for negotiating with local sponsors of projects; for investigating the agricultural phases of proposed river basin projects.
Station wagon.....	2	3,600			3,600	34	5,500	Do.
Flood prevention.....	8	11,200	8	1,600	9,600	50	1,000	Project personnel: Transportation in connection with surveying and supervising the installation of works of improvement in authorized flood prevention projects.
Station wagon.....						5	500	Do.
Water conservation and utilization projects.						3		Project personnel: Transportation in connection with the development, operation and management of the Eden Valley project.
Great Plains conservation program.....						9	1,000	Assistant State conservationists: Transportation in connection with supervision and inspection of Service activities in Great Plains conservation program in field offices of 10 Great Plains States.
Total, Soil Conservation Service.	142	202,600	142	32,000	170,600	815	86,000	
AGRICULTURAL MARKETING SERVICE								
Marketing research and service: Marketing research and agricultural estimates.	13	19,500	13	2,925	16,575	46	15,000	Research and technical specialists: For use in supervising, directing and carrying out research programs on agricultural problems. Field statisticians: Transportation to and from important agricultural areas in preparation of crop and livestock estimates.
Marketing services.....	17	25,500	17	3,825	21,675	76	52,000	Market news reporters: For use in gathering and disseminating news of market conditions for various farm crops and livestock. Inspectors and graders: For inspection, classing and grading of farm products, including work required under the Cotton, Tobacco, Naval Stores, and Grain Standards Acts. Marketing specialists, inspectors and graders: Transportation to and from warehouses, stockyards, markets, railroad yards, piers, and other places for licensing or registration, supervision of operations of licensees to assure compliance, collection of samples for testing, handling of violations with respect to administration of United States Warehouse, Federal Seed, Packers and Stockyards, and Naval Stores Acts.
Station wagon.....						6		Market news reporters and clerks: For transportation of personnel and material in conducting tobacco market news program. Cotton field representatives: For transportation of personnel and material in carrying out classing and market information programs.
Expenses and refunds, inspection and grading of farm products, Agriculture.	10	15,000	10	2,250	12,750	67	54,000	Inspectors and graders: For use in inspecting and grading farm and food products—paid from fees received from producers for which services are performed.
Perishable Agricultural Commodities Act fund, Agriculture.							3,000	Marketing specialists: Transportation to and from offices of produce dealers and truckers in investigating complaints and violations and checking establishments for compliance with license provisions under Perishable Agricultural Commodities and Produce Agency Act—paid from license fees collected.
Total, Agricultural Marketing Service.	40	60,000	40	9,000	51,000	195	124,000	

Statement of proposed obligations for purchase and hire of passenger motor vehicles for the fiscal year 1960—Continued

Appropriation	Motor vehicles to be purchased		Old vehicles to be exchanged		Net cost of vehicles to be purchased	Old vehicles still to be used	Cost of hire of motor vehicles	Users and public purpose
	Number	Gross cost	Number	Allowance (estimate)				
FOREIGN AGRICULTURAL SERVICE								
Salaries and expenses.....							\$950	Administrator and other officials, for Foreign Agricultural Service: Transportation to and from official conferences and meetings in Washington, D. C., with Members of Congress, U. S. Government officials, and officials of international organizations and of foreign governments; trips to and from embassies of foreign governments for visaing of passports; transportation of foreign trainees. Messengers: Delivery of special or classified mail in the Washington area. Do. Do.
Station wagon.....							575	
Technical cooperation, general, executive (transfer to Agriculture): Station wagon.							575	
Total, Foreign Agricultural Service.							2,100	
COMMODITY STABILIZATION SERVICE								
Administrative expenses, sec. 392, Agricultural Adjustment Act of 1938.						2	1,400	Area office directors and field representatives: For travel within Puerto Rico in connection with agricultural conservation, sugar, and other assigned duties.
FARMERS' HOME ADMINISTRATION								
Salaries and expenses.....	6	\$9,000	6	\$1,500	\$7,500	19	19,500	State directors and other field officials: Transportation in assisting and advising county supervisors in the investigation of applications, making of loans, rendering farm management assistance to borrowers, and collecting and servicing loans under various loan programs.
OFFICE OF THE SECRETARY								
Salaries and expenses.....	1	1,500	1	500	1,000		1,000	Secretary of Agriculture, under secretary, assistant secretaries, and members of their immediate staffs, as well as heads and other responsible officials of staff offices which comprise the Office of the Secretary: For transportation in District of Columbia.
FOREST SERVICE								
Working capital fund.....	63	94,500	66	22,242	72,258	524	235,000	Forest rangers, forest supervisors, regional foresters and directors, and other field officers: For use in protection, management, utilization, and development of national forests; and in management of land utilization projects; transportation in connection with forest pest control activities in the field; for use at research center experimental forests and ranges on field research projects and forest survey; travel in connection with improving forest practices on private forest lands; used in directing and inspecting road construction and maintenance. Do. Do.
Station wagon.....	12	23,400	9	3,025	20,375	55		
Bus.....						4		
Total, Forest Service.....	75	117,900	75	25,267	92,633	583	235,000	
Total, Department of Agriculture.	3510	768,900	508	135,092	633,808	2,566	651,000	

¹ Includes \$500 estimated for payments other than to motor pools.² Includes \$45,000 estimated for payments to other than motor pools.³ Includes 10 vehicles to be purchased from funds advanced by producers for whom services are performed. (See item above for "Expenses and refunds, inspection and grading of farm products.")

Statement of proposed obligations for purchase, maintenance, and operation of aircraft for the fiscal year 1960

Appropriation	Aircraft to be purchased		Aircraft to be exchanged		New cost of aircraft to be purchased	Old aircraft still to be used	Cost of maintenance and operation of aircraft	Users and public purpose
	Number	Gross cost	Number	Allowance (estimate)				
AGRICULTURAL RESEARCH SERVICE								
Salaries and expenses: Research-----	1	\$15,000	1	\$1,000	\$14,000	2	\$9,000	Technical employees: For experimentation and development of improved equipment and methods for spraying and dusting crops and for fertilizing, seeding, and performing other agricultural operations with airplanes. Pest control technicians: For demonstrating use of special equipment for suppression of destructive insects attacking crops; and when not otherwise engaged, for supplementing contract aircraft in control operations.
Plant and animal disease and pest control.	1	17,000	1	1,000	16,000	5	20,000	
Total, Agricultural Research Service.	2	32,000	2	2,000	30,000	7	29,000	
FOREST SERVICE								
Working capital fund-----	3	390,000	3	20,000	370,000	30	210,000	Forest Service administrative personnel and fire fighters: Transportation of men and supplies, including smoke-jumpers, to inaccessible areas for reconnaissance and suppression of large fires, and for detection services in remote areas. Also for pest control in locating incipient outbreaks of forest insect pests and in appraising scope and seriousness of infestations in forested areas, and directing and evaluating effectiveness of control operations.
Total, Department of Agriculture.	5	422,000	5	22,000	400,000	37	239,000	

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
01 Personal services:			
Permanent positions.....	\$34,193	\$48,358	\$48,955
Positions other than permanent.....	3,275	1,500	1,000
Other personal services.....	147	187	380
Total personal services.....	37,615	50,045	50,335
02 Travel.....	329	500	500
04 Communication services.....	1,154	800	800
07 Other contractual services: Services performed by other agencies.....	3,358	2,500	2,000
08 Supplies and materials.....	633	530	690
09 Equipment.....	381		
11 Grants, subsidies, and contributions.....	2,152	3,100	3,150
15 Taxes and assessments.....	75	25	25
Total obligations.....	45,697	57,500	57,500

PRESIDENT'S COMMITTEE ON FUND RAISING
WITHIN THE FEDERAL SERVICE

Intragovernmental funds:

ADVANCES AND REIMBURSEMENTS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
President's Committee on Fund Raising Within the Federal Service (total obligations).....		\$45,000	\$49,000
Financing:			
Advances and reimbursements from other accounts.....		45,000	49,000

Executive Order 10728 established the President's Committee on Fund Raising Within the Federal Service to be responsible for the periodic review of the conduct and operation of the fund raising program.

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....		4	4
Average number of all employees.....		4	4
Number of employees at end of year.....		4	4
Average GS grade and salary.....		12.8 \$10,286	13.0 \$10,703
01 Personal services:			
Permanent positions.....		\$36,100	\$42,480
Positions other than permanent.....		1,730	
Other personal services.....		160	330
Total personal services.....		37,990	42,810
02 Travel.....		1,450	1,395
04 Communication services.....		500	500
06 Printing and reproduction.....		500	500
07 Other contractual services.....		260	395
Services performed by other agencies.....		1,340	
08 Supplies and materials.....		500	500
09 Equipment.....		100	100
11 Grants, subsidies, and contributions.....		2,360	2,800
Total obligations.....		45,000	49,000

GENERAL PROVISIONS

DEPARTMENTS, AGENCIES, AND CORPORATIONS

SEC. 201. Unless otherwise specifically provided, the maximum amount allowable during the current fiscal year, in accordance with section 16 of the Act of August 2, 1946 (5 U. S. C. 78), for the purchase of any passenger motor vehicle (exclusive of buses and ambulances), is hereby fixed at \$1,500 except station wagons for which the maximum shall be \$1,950.

SEC. 202. Unless otherwise specified and during the current fiscal year, no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States (including any agency the majority of the stock of which is owned by the Government of the United States) whose post of duty is in continental United States unless such person (1) is a citizen of the United States, (2) is a person in the service of the United States on the date of enactment of this Act who, being eligible for citizenship, had filed a declaration of intention to become a citizen of the United States prior to such date, (3) is a person who owes allegiance to the United States, or (4) is an alien from the Baltic countries lawfully admitted to the United States for permanent residence: *Provided*, That for the purpose of this section, an affidavit signed by any such person shall be considered prima facie evidence that the requirements of this section with respect to his status have been complied with: *Provided further*, That any person making a false affidavit shall be guilty of a felony and, upon conviction, shall be fined not more than \$4,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penal clause shall be in addition to, and not in substitution for, any other provisions of existing law: *Provided further*, That any payment made to any officer or employee contrary to the provisions of this section shall be recoverable in action by the Federal Government. This section shall not apply to citizens of the Republic of the Philippines or to nationals of those countries allied with the United States in the current defense effort, or to temporary employment of translators, or to temporary employment in the field service (not to exceed sixty days) as a result of emergencies.

SEC. 203. Appropriations of the executive departments and independent establishments for the current fiscal year, available for expenses of travel or for the expenses of the activity concerned, are hereby made available for living quarters allowances in accordance with the Act of June 26, 1930 (5 U. S. C. 118a), and regulations prescribed thereunder, and cost-of-living allowances similar to those allowed under section 901 (2) of the Foreign Service Act of 1946, in accordance with and to the extent prescribed by regulations of the President, for all civilian officers and employees of the Government permanently stationed in foreign countries: *Provided*, That the availability of appropriations made to the Department of State for carrying out the provisions of the Foreign Service Act of 1946 shall not be affected hereby.

SEC. 204. No part of any appropriation for the current fiscal year contained in this or any other Act shall be paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve the nomination of said person.

SEC. 205. No part of any appropriation contained in this or any other Act for the current fiscal year shall be used to pay in excess of \$4 per volume for the current and future volumes of the United States Code Annotated, and such volumes shall be purchased on condition and with the understanding that latest published cumulative annual pocket parts issued prior to the date of purchase shall be furnished free of charge, or in excess of \$4.25 per volume for the current or future volumes of the Lifetime Federal Digest.

SEC. 206. Funds made available by this or any other Act for administrative expenses in the current fiscal year of the corporations and agencies subject to the Government Corporation Control Act, as amended (31 U. S. C. 841), shall be available, in addition to objects for which such funds are otherwise available, for rent in the District of Columbia; services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); and the objects specified under this head, all the provisions of which shall be applicable to the expenditure of such funds unless otherwise specified in the Act by which they are made available: *Provided*, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses shall be correspondingly reduced.

SEC. 207. No part of any funds of or available to any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building, without specific authority in law therefor, primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 208. During the current fiscal year, the provisions of Bureau of the Budget Circular A-45, dated June 3, 1952, shall be controlling over the activities of all departments, agencies, and corporations of the Government: *Provided*, That said circular may be amended or changed during such year by the Director of the Budget with the approval of the chairman of the Committee on Appropriations of the

GENERAL PROVISIONS—Continued

DEPARTMENTS, AGENCIES, AND CORPORATIONS—Continued

House of Representatives: *Provided further*, That the Bureau of the Budget shall make a report to Congress not later than January 31, 1959, of the operations of this order upon all departments, agencies, and corporations of the Government: *Provided further*, That, notwithstanding the provisions of any other law, no officer or employee shall be required to occupy any Government-owned quarters unless the head of the agency concerned shall determine that necessary service cannot be rendered or property of the United States cannot be adequately protected otherwise.]

Sec. [209] 208. Pursuant to section 1415 of the Act of July 15, 1952 (66 Stat. 662), foreign credits (including currencies) owed to or owned by the United States may be used by Federal agencies for any purpose for which appropriations are made for the current fiscal year (including the carrying out of Acts requiring or authorizing the use of such credits) [and for liquidation of obligations legally incurred against such credits prior to July 1, 1953], only when reimbursement therefor is made to the Treasury from applicable appropriations of

the agency concerned: *Provided*, That such credits received as exchange allowances or proceeds of sales of personal property may be used in whole or part payment for acquisition of similar items, to the extent and in the manner authorized by law, without reimbursement to the Treasury: *Provided further*, That nothing in section 1415 of the Act of July 15, 1952, or in this section shall be construed to prevent the making of new or the carrying out of existing contracts, agreements, or executive agreements for periods in excess of one year, in any case where such contracts, agreements, or executive agreements for periods in excess of one year were permitted prior to the enactment of this Act under section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b) (2)), and the performance of all such contracts, agreements, or executive agreements shall be subject to the availability of appropriations for the purchase of credits as provided by law.

Sec. [210] 209. No part of any appropriation contained in this Act, or of the funds available for expenditure by any individual, corporation, or agency included in this Act, shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress. (*General Government Matters Appropriation Act, 1959.*)

Statement of proposed obligations for purchase and hire of passenger motor vehicles for the fiscal year 1960

Appropriation	Motor vehicles to be purchased		Old vehicles to be exchanged		Net cost of vehicles to be purchased	Old vehicles still to be used	Cost of hire of motor vehicles	Users and public purpose
	Number	Gross cost	Number	Allowance (estimate)				
BUREAU OF THE BUDGET								
Salaries and expenses.....							\$1,800	For transportation of officials and staff of the Bureau of the Budget in the Washington area.
COUNCIL OF ECONOMIC ADVISERS								
Salaries and expenses.....							400	For transportation of officials and staff members of the Council of Economic Advisers to departmental offices in Washington.
NATIONAL SECURITY COUNCIL								
Salaries and expenses: Station wagon.....						2		For courier service.
OFFICE OF CIVIL AND DEFENSE MOBILIZATION								
Salaries and expenses.....							42,000	In the transaction of official business of the Office, rented General Services Administration motor pool vehicles are assigned as follows: Director (Washington); deputy director (Washington); general needs of the Washington office; executive assistant director and emergency trips in Battle Creek, Mich.; general needs of the Battle Creek, Mich. office; classified location; Olney facility; OCDM Eastern Training Center; OCDM Western Training Center; a total of 20 vehicles will be assigned to the 8 regional offices for use of regional directors and staff.
Total, Executive Office of the President.						2	44,200	

INTRODUCTION TO PART III

Part III of the budget contains a summary table on trust and deposit funds, and detailed schedules and explanatory statements on the various trust funds. It excludes the detail on trust fund programs which require annual action by Congress (shown in part II) and the detail on the District of Columbia municipal government funds (contained in a separate budget volume).

TRUST AND DEPOSIT FUNDS DISTINGUISHED

The funds which are covered in this part of the budget are of two types, as follows:

Trust funds are those funds established to account for receipts which are held in trust by the Government for use in carrying out specific purposes and programs in accordance with a trust agreement or a statute. Within the category of trust funds, there is a subcategory of *trust revolving* funds, which are trust funds used to carry on a cycle of business-type operations, including certain corporations which are partly owned by the Government and partly by private interests.

Deposit funds are those funds established to account for collections that are either (a) held in suspense temporarily and later refunded or paid into some other fund of the Government, or (b) held by the Government as banker or agent for others, being paid out in lump sums at the direction of the owner. Such funds are not available for paying salaries, expenses, grants, or other expenditures of the Government.

While the transactions in these groups of funds are a part of the financial program of the Government, trust and deposit funds are not fully owned by the Government; hence these transactions are excluded from budget totals.

TRUST FUND RECEIPTS AND EXPENDITURES

Receipts.—Like budget receipts, trust fund receipts are based upon collections received and deposited, including U. S. securities received in lieu of cash and contributions to the trust funds from the general fund. The conversion of U. S. Government securities on hand into cash is excluded from receipts, but such sales and redemptions are listed in special analysis K of part IV on a net basis.

Expenditures.—Like budget expenditures, trust fund expenditures are stated on a checks-issued basis, less refunds collected. Net investments in U. S. Government securities are excluded from the figures, and are listed in special analysis K of part IV.

Trust revolving funds.—The small group of funds which constitute trust revolving funds are reported on a *net* expenditure basis. The collections of trust revolving funds, instead of being taken into the tables as receipts, are deducted from expenditures. The gross figures are shown in a supplementary summary table and in the detailed schedules.

OBLIGATIONAL AUTHORITY FOR TRUST FUNDS

Trust fund receipts must be appropriated before they can be obligated or spent, with the exception of those few

cases where the law grants contract authorization in advance (for example, the highway trust fund).

Most trust funds are appropriated by permanent law, not requiring further action by Congress. Usually the appropriations equal the receipts of the year. In a few cases receipts of trust funds can be spent only in accordance with appropriations enacted by Congress from year to year. Examples are the highway trust fund, funds of the United States Soldiers' Home, and the municipal revenues of the District of Columbia (which are accounted for as trust funds by the Federal Government). In a few other cases, trust fund receipts are permanently appropriated for benefit payments, but limitations on administrative expenses payable out of the trust funds are imposed by annual action of the Congress.

DEPOSIT FUND EXPENDITURES

Table 10 includes deposit fund expenditures by department or agency. These expenditures are on a net basis; that is, the collections are deducted from checks issued, and the resulting figure is shown as an expenditure. Checks issued include those written to move money into other funds, as well as those written for refunds and the return of money to depositors. When the collections are larger than the checks issued, the amount shown as an expenditure is a negative item.

NET ACCUMULATION IN TRUST AND DEPOSIT FUNDS

Table 10 shows the net accumulation in all the trust and deposit funds. This represents the result obtained when the trust and deposit fund expenditures are subtracted from the trust receipts of the year. Since trust and deposit funds, as well as Federal funds, affect the total cash balance of the Treasury and the total public debt, the final figures on table 10 are carried forward into table 4 of part I. Data on the unexpended balances of the largest trust funds are appended to the table.

DETAIL OF TRUST FUND ESTIMATES

The detailed material in part III covers the trust funds which do not require annual action by Congress. Consolidated schedules are used for the smaller trust funds of each bureau or independent agency.

The material here follows the general format of the similar material in part II, with the principal exception that these schedules show receipts in place of showing appropriations. In cases where the receipts are not permanently appropriated as the money is collected, the schedules identify the portion of the unobligated balances on hand which is appropriated and the portion which is unappropriated. Also, no appropriation language appears here, and the narrative statement of Program and performance usually consists only of an explanation of the sources of money for the fund, the purposes for which it is authorized to be spent, and the legal citations.

TRUST FUNDS

Trust fund receipts in 1960 are estimated to total \$20.5 billion and trust fund expenditures \$20.3 billion. Thus the net accumulation in the trust funds during 1960 will be \$200 million.

As indicated in the following table, trust fund receipts will be rising at a faster rate than expenditures.

TOTAL TRUST FUND TRANSACTIONS

[In millions]

	1958 actual	1959 estimate	1960 estimate
Receipts.....	\$16,329	\$17,585	\$20,477
Expenditures.....	16,069	18,884	20,259
Net accumulation.....	260	-1,299	218

While trust fund transactions are excluded from the budget receipts and expenditures, they nevertheless are a significant part of the program of the Government. For some functions—labor and welfare or commerce and housing—trust fund expenditures represent a larger part of the Government's program than do budget expenditures. Table 5 of part I of this budget shows budget expenditures, trust expenditures, and total Federal payments to the public for 1960.

A table on page 880, at the end of this statement, presents trust and deposit fund expenditures by function for years 1949 through 1960.

While there are many separate trust and deposit funds, the bulk of the transactions and the largest amounts of money are in the following trust funds:

TRANSACTIONS OF MAJOR TRUST FUNDS

[In millions]

	1958 actual	1959 estimate	1960 estimate
Federal old-age and survivors insurance:			
Receipts.....	\$7,900	\$8,438	\$10,457
Expenditures.....	8,116	9,656	10,577
Balance in fund at end of year.....	22,813	21,594	21,473
Federal disability insurance:			
Receipts.....	943	984	1,056
Expenditures.....	181	417	524
Balance in fund at end of year.....	1,098	1,666	2,198
Railroad retirement:			
Receipts.....	695	1,008	962
Expenditures.....	730	776	813
Balance in fund at end of year.....	3,668	3,900	4,049
Federal employees' retirement funds (civil service and foreign service):			
Receipts.....	1,458	1,722	1,682
Expenditures.....	699	836	947
Balance in fund at end of year.....	8,294	9,180	9,914
Unemployment trust fund:			
Receipts.....	1,855	1,905	2,018
Expenditures.....	3,148	2,954	2,511
Balance in fund at end of year.....	7,765	6,716	6,222
Veterans life insurance funds:			
Receipts.....	707	712	721
Expenditures.....	664	662	658
Balance in fund at end of year.....	6,829	6,878	6,941
Highway trust funds:			
Receipts.....	2,134	2,143	2,912
Expenditures.....	1,602	2,553	3,136
Balance in fund at end of year.....	1,049	639	415
Federal National Mortgage Association:			
Gross receipts.....	1,228	656	763
Gross expenditures.....	1,333	1,015	1,248
Net trust expenditures.....	105	359	485

Social security insurance and staff retirement programs for retirement, disability, or death.—The first four trust funds listed above provide insurance against the loss of income due to retirement, disability, or death. Payments are made primarily from moneys derived from payroll contributions of employers, employees, and the self-employed. These receipts are invested in securities of the Federal Government and earn interest.

The first two funds were authorized by the Social Security Act of 1935, as amended, and comprise the so-called Federal old-age, survivors, and disability insurance (OASDI) program. The railroad retirement program was first established by the Railroad Retirement Act of 1935 and in its present form, closely coordinated with OASDI, serves as a combined social insurance and staff retirement system for workers in the railroad industry. While there is an increase in receipts in 1959 and 1960 in this trust fund, primarily due to reinsurance payments from the old-age and survivors insurance trust fund, the railroad fund is still operating at an actuarial deficit.

Although some temporary employees are covered under OASDI, most Federal civilian workers are under the staff retirement programs authorized by the Civil Service Retirement Act of 1920, as amended, or the Foreign Service Retirement Act of 1946, as amended. Since January 1, 1957, military personnel have been covered under OASDI on a contributory basis, as well as under the military retirement system which is financed directly from appropriations from budget funds.

The following table indicates the number of individuals receiving monthly benefits at the end of each year:

[In thousands]

	Federal old-age and survivors' insurance	Federal disability insurance	Railroad retirement account	Civil service and foreign service
Retired individuals:¹				
1958 actual.....	8,586	---	383	230
1959 estimate.....	9,374	---	399	255
1960 estimate.....	9,903	---	413	279
Disabled individuals and their dependents:				
1958 actual.....	39	190	91	85
1959 estimate.....	66	470	93	95
1960 estimate.....	104	642	95	104
Survivors:²				
1958 actual.....	3,118	---	234	108
1959 estimate.....	3,366	---	246	139
1960 estimate.....	3,623	---	256	151

¹ Includes wives under age 65 with children in their care under old-age and survivors' insurance.

² Includes children of retired workers under old-age and survivors' insurance.

In August 1958 legislation was enacted increasing the old-age and survivors' insurance and the Federal disability benefits. In the latter program the legislation also provided monthly benefits for wives and children of disabled workers. 1960 is the first full year reflecting expenditures under these liberalizations. In addition, the legislation provided for increases in the combined employer and employee tax on payroll to the current rate of 5% beginning January 1, 1959, and to 6% beginning January 1, 1960. As a result of these increases in contributions, receipts in the Federal old-age and survivors insurance trust fund should again exceed expenditures in 1961.

Unemployment trust fund.—This program was also authorized by the Social Security Act of 1935, as amended. Payroll taxes paid by employers under State laws and the Federal Unemployment Insurance Tax Act or under the Railroad Unemployment Act are deposited in this trust fund. The States and the Railroad Retirement Board

draw upon this fund to pay weekly benefits to eligible unemployed workers.

Benefits paid out by the States in 1958 during the recession months offset about one-third of the wages lost due to unemployment. The Federal Government enacted a temporary program in 1958, as an emergency antirecession measure, to provide temporary extended benefits to eligible unemployed workers. This program expires April 1, 1959. Benefits under it are budget expenditures.

At present under the Federal Unemployment Tax Act an employment tax of 0.3% flows through budget funds, where it is chiefly used for grants to States for administering unemployment compensation benefits as well as employment services. Legislation will be proposed to convert this entirely to a trust fund operation, so the administration of the regular State unemployment compensation program will be financed similarly to the old-age, survivors, and disability insurance and the railroad retirement and railroad unemployment compensation programs. This proposed change would affect both budget receipts and expenditures equally.

Veterans' life insurance.—These two trust funds provide life insurance primarily for veterans of the two World Wars. Receipts of these trust funds come from premiums paid by veterans, interest on the investments, and transfers by the Federal Government from budget funds to cover losses resulting from war hazards. The bulk of the payments in 1960 is estimated to consist of \$256 million in dividends to about 6.3 million policyholders and \$401 million paid out to survivors of deceased veterans or veterans with disabilities or completed term policies.

Highway trust fund.—Receipts from certain excise taxes

on motor fuels, tires, and vehicles are used to finance expenditures (mainly grants to the States) for Federal-aid highways.

Under existing legislation current receipts from the excise taxes plus the balance in the period would be less than expenditures in 1960 and receipts in later years would continue to fall below the expenditures. Accordingly the 1960 budget recommends an increase in the highway-related gasoline and diesel fuel taxes as well as other revisions designed to finance other highway improvements from excise taxes paid by highway users. The 1960 estimates include amounts under the proposed legislation.

Federal National Mortgage Association, secondary market operations.—In the secondary market part of its program, the Association buys and sells federally insured or guaranteed mortgages at prices prevailing in the market. In accordance with statutory objectives, these operations are self-supporting. Funds required for mortgage purchases in 1960 will be obtained: (a) from private sources through the sale of the Association's debentures; (b) through mortgage sales and repayments; (c) by the purchases of common stock which are required of all mortgage sellers. Net trust expenditures will increase to \$359 million in 1959 and \$485 million in 1960 as a result of mortgage purchases considerably in excess of sales.

The following table summarizes trust fund expenditures by functions for 1949 through 1960. The marked increase in the labor and welfare function stems mainly from the expansion and liberalization in the social security insurance programs. The major reason for the increase in commerce and housing is the Federal-aid highway program, which started as a trust fund in 1956.

TRUST AND DEPOSIT FUND EXPENDITURES BY MAJOR FUNCTION
 ACTUAL THROUGH 1958
 [In millions]

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Major national security.....	\$22	\$51	\$34	\$144	\$126	\$146	\$164	\$143	\$93	\$344	\$376	\$164
International affairs and finance.....	49	46	—6	97	9	3	7	4	5	15	13	14
Veterans' services and benefits.....	416	3,125	695	1,095	669	779	628	606	608	671	670	666
Labor and welfare.....	2,490	3,370	3,058	3,816	4,594	6,079	7,476	8,067	9,647	12,854	14,598	15,344
Agriculture and agricultural resources.....	30	24	12	17	22	11	22	29	148	244	—97	22
Natural resources.....	17	20	15	15	15	16	20	23	33	32	36	29
Commerce and housing.....	2	—6	—23	—3	1	(*)	—86	118	1,934	1,713	2,915	3,624
General government.....	200	188	222	208	228	286	258	216	268	293	344	395
Interest.....		(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Adjustment to daily Treasury statement basis.....	165	68	190	88	95							
Deposit funds, net ¹	463	77	—544	—160	—471	—115	57	229	225	—97	29	2
Total.....	3,852	6,964	3,654	5,317	5,288	7,204	8,546	9,436	12,961	16,069	18,884	20,259

¹ Excludes deposit funds of Government-sponsored enterprises. These have been adjusted for consistency with present treatment and allocated to the appropriate function above.

*Less than one-half million.

TABLE 10
TRUST RECEIPTS AND EXPENDITURES
BY ORGANIZATION UNIT AND ACCOUNT TITLE
[In thousands]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Legislative branch:							
Library of Congress:							
Gift and trust fund income accounts:							
Cataloging project.....	500	\$9	\$9	\$9	\$10	\$9	\$9
Gift fund.....	200	651	660	650	594	652	636
Income from investment account.....	200	17	20	15	17	25	20
Payment of interest on bequest of Gertrude M. Hubbard.....	650	1	1	1	2	2	2
Payment of interest on permanent loan.....	650	147	169	176	129	187	190
Service fees.....	200	501	525	550	482	533	525
Principal accounts, permanent loan.....	200		650				
Total, legislative branch.....		1,326	2,034	1,401	1,234	1,408	1,382
The judiciary:							
Judicial survivors annuity fund.....	600	513	534	551	285	340	369
Funds appropriated to the President:							
Mutual security:							
Advances for economic assistance.....	150					2	
Advances, Mutual Security Act.....	050	242,945	360,631	208,857	342,665	375,000	163,000
Philippine assistance.....	150				1,186	723	
Technical assistance, U. S. dollars advanced from foreign governments.....	150	1,334	1,300		687	900	850
President's special international program, contributions.....	150	625	32			657	
Total, funds appropriated to the President.....		244,904	361,963	208,857	344,538	377,282	163,850
Independent offices:							
American Battle Monuments Commission: Contributed flower fund.....	100	2	2	2	2	2	2
Civil Service Commission:							
Civil service retirement and disability fund:							
Interest and profit on investments.....	200	194,052	212,714	223,834			
Deductions from employees' salaries, etc.....	200	664,452	746,620	720,720			
Payments from other funds:					696,405	832,739	943,800
Employing agency contributions.....	200	583,900	746,620	720,720			
Voluntary contributions, donations, service credit payments, etc.....	200	10,688	10,950	10,948			
Total, civil service retirement and disability fund.....		1,453,093	1,716,934	1,676,222	696,405	832,739	943,800
Employees' life insurance fund.....	200				-37,422	-55,318	-41,005
Total, Civil Service Commission.....		1,453,093	1,716,934	1,676,222	658,983	777,421	902,795
Farm Credit Administration: Operating fund, Federal intermediate credit banks.....	350				222,866	-126,335	
Federal Aviation Agency: Gifts and donations.....	500	134	325	100	54	245	187
Foreign Claims Settlement Commission: War claims fund.....	600		3,750		3,232	3,507	89
General Accounting Office: Proceeds from estates of American citizens who die abroad.....	600		1	1	3	3	3
Historical and memorial commissions: Alexander Hamilton Bicentennial Commission: donations.....	600	53			91		
National Capital Housing Authority: Operation and maintenance, properties aided by Public Housing Administration.....	500				282	1,069	100
National Capital Planning Commission: Contributed fund.....	600	38	446	1,562	270	446	1,562
National Science Foundation: Donations.....	200	3	3	3			
Railroad Retirement Board:							
Railroad retirement account:							
Interest and profit on investments.....	200	120,277	110,000	112,500			
Taxes.....	200	574,899	560,000	575,000	729,748	776,400	813,400
Payment from Federal old-age and survivors insurance and Federal disability insurance trust funds.....	200		338,411	275,000			
Total, railroad retirement account.....		695,176	1,008,411	962,500	729,748	776,400	813,400
Railroad unemployment insurance administration fund.....	200	9,449	9,150	8,891	8,233	9,500	8,520
Total, Railroad Retirement Board.....		704,625	1,017,561	971,391	737,981	785,900	821,920
Smithsonian Institution: Canal Zone biological area fund.....	200	7	8	8	5	7	7
United States Information Agency: United States dollars advanced from foreign governments.....	150	95	10	10	49	61	10
Veterans Administration:							
Adjusted service certificate fund.....	100				193	235	235
General post funds, national homes.....	100	1,603	1,597	1,600	2,039	2,839	2,800
National service life insurance fund:							
Premium and other receipts.....							
Interest on investments.....	100	639,784	646,958	659,169	543,619	575,003	573,276
Payments from general and special funds.....							

TABLE 10—Continued
TRUST RECEIPTS AND EXPENDITURES—Continued
BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Independent offices—Continued							
Veterans Administration—Continued							
United States Government life insurance fund:							
Premiums and other receipts.....	100	\$67,353	\$64,871	\$61,846	\$119,917	\$86,867	\$84,601
Interest on investments.....							
Total, Veterans Administration.....		708,740	713,426	722,615	665,768	664,944	660,912
General Services Administration:							
General activities: Advances from international organizations, Mutual Security Act.....	150	1,480			1,395	85	
Records activities:							
National Archives trust fund.....	600				11	-43	-37
National Archives gift fund.....	600	66	75	75	32	73	68
Total, General Services Administration.....		1,546	75	75	1,438	115	31
Housing and Home Finance Agency:							
Federal National Mortgage Association: Secondary market operations fund.....	500				105,151	359,463	485,000
Department of Agriculture:							
Agricultural Research Service:							
Expenses and refunds, inspection and grading of farm products.....	350	347	330	330	342	325	329
Expenses, feed and attendants for animals in quarantine.....	350	15	15	15	16	17	14
Miscellaneous contributed funds.....	350	210	257	250	255	307	264
Extension Service: Miscellaneous contributed funds.....	350	2	5	5	2	5	5
Soil Conservation Service:							
Technical services and other assistance, agricultural conservation program.....	350	7,669	590		7,625	3,425	
Miscellaneous contributed funds.....	350	192	250	250	178	230	240
Agricultural Marketing Service:							
Expenses and refunds, inspection and grading of farm products.....	350	18,286	17,161	16,917	17,834	17,451	17,074
Miscellaneous contributed funds.....	350	146	58	56	170	68	57
Commodity Stabilization Service: Miscellaneous contributed funds.....	350	78	14	15	33	61	18
Farmers' Home Administration: State rural rehabilitation funds.....	350				-8,384	7,205	3,780
Office of Information: Miscellaneous contributed funds.....	350	2			2	2	
Forest Service:							
Cooperative work.....	400	12,679	13,000	13,000	13,968	13,000	13,000
Miscellaneous contributed funds.....	400				13	12	8
Technical services and other assistance, agricultural conservation program.....	400	14	20	20	12	21	20
Total, Department of Agriculture.....		39,641	31,700	30,858	32,067	42,129	34,809
Department of Commerce:							
Bureau of the Census: Special statistical work.....	200	1,770	1,760	1,500	1,988	1,850	1,650
Business and Defense Services Administration:							
Expenses, transcripts of studies, tables, and other records.....	500	319	300	300	290	300	300
Special statistical work.....	500	11	10	10	12	10	10
Maritime activities: United States Merchant Marine Academy, Kings Point, N. Y., donations for chapel and library.....	500	210	30	30	11	200	475
Bureau of Public Roads:							
Highway trust fund:							
Taxes.....	500	2,116,028	2,130,000	2,217,000			
Interest.....	500	17,686	13,000	5,000			
Federal-aid highways.....	500				1,511,395	2,450,534	3,002,000
Refund and labor standards.....	500				90,121	102,000	100,000
Proposed legislation:							
Forest and public lands highways.....	500						41,100
Other, net.....	500			690,000			-7,000
Cooperative work, forest highways.....	500	218	74		329	183	
Equipment, supplies, etc., for cooperating countries.....	150	4,708	5,000	5,000	5,670	5,714	5,500
Technical assistance, United States dollars advanced from foreign governments.....	150	5,536	4,500	4,000	5,327	4,662	4,000
Contributed funds, highways for Alaska.....	500	1,432	1,581	1,383	1,423	1,284	1,383
Funds contributed for improvement of roads, bridges, and trails, Alaska.....	500	100			102		
National Bureau of Standards: Gifts and bequests.....	200	140	40	20	170	148	50
Weather Bureau: Special statistical work.....	600	66	52		63	62	4
Total, Department of Commerce.....		2,148,226	2,156,347	2,924,243	1,616,902	2,566,947	3,149,472
Department of Defense—Military Functions:							
Advances for supplies and expenses, United Nations Korean Reconstruction Agency, Army.....	060				368	20	
Kermit Roosevelt fund, Army.....	060	1	2	2	2	3	3
National Guard armory construction, State-contributed funds, Army.....	060				18	2	
General gift fund, Army.....	060	39	6	6	4	35	8

TABLE 10—Continued
TRUST RECEIPTS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Department of Defense—Military Functions—Continued							
Naval reservation, Olongapo civic fund.....	060	\$604	\$698	\$721	\$693	\$705	\$708
U. S. Naval Academy general gift fund.....	060	3	3	3	2	2	3
U. S. Naval Academy museum fund.....	060	1	1	1	2	1	1
U. S. Department of the Navy general gift fund.....	060	28	15	15		10	15
Office of Naval Records and library fund.....	060	14	13	13			
General gift fund, Air Force.....	060	7	8	8		15	8
Total, Department of Defense—Military Functions.....		696	746	769	1,091	793	746
Department of Defense—Civil Functions:							
Rivers and harbors and flood control, Army:							
Rivers and harbors advance fund.....	400				—140	338	
Rivers and harbors contributed fund.....	400	9,772	13,533	8,055	11,353	16,000	11,000
Advances and reimbursements, Corps of Engineers, Army.....	400					2	
Ryukyu Islands, Army: Proceeds of remittances to and exports from Ryukyu Islands, Army.....	150				—1		
United States Soldiers' Home:							
Stoppages, fines, and forfeitures.....	100	8,510	8,400	8,400			
Estates of deceased soldiers and airmen.....	100	475	480	450			
Withheld pay.....	100	1,623	1,515	1,515			
Interest credited.....	100	2,423	2,600	2,900			
All other.....	100	36	36	36			
Maintenance and operation.....	100				4,965	5,000	5,250
Capital outlay.....	100						
Payment of claims.....	100				31	31	31
United States Soldiers' Home revolving fund.....	100				4	—3	—6
Total, Department of Defense—Civil Functions.....		22,839	26,564	21,386	16,212	21,368	16,275
Department of Health, Education, and Welfare:							
Freedmen's Hospital:							
Conditional gift fund.....	200				1	1	
Unconditional gift fund.....	200	9			2	7	
Public Health Service:							
Patients' benefit fund.....	200	24	25	25	30	26	25
Conditional gift fund.....	200	62	72	98	21	124	100
Unconditional gift fund.....	200	25	21	19	84	6	7
Saint Elizabeths Hospital:							
Patients' benefit fund.....	200	1			1	1	1
Conditional gift fund.....	200	2			10	1	
Total, Department of Health, Education, and Welfare.....		124	118	142	148	166	133
Department of the Interior:							
Bonneville Power Administration: Construction of electric transmission lines and substations, contributions, Bonneville Power project.....	400	331	862		540	940	600
Bureau of Land Management:							
Contributed funds.....	400	533	500	500	292	300	300
Expenses, public survey work.....	400	25	25	25	23	25	25
Trustee funds, Alaska townsites.....	400	23	25	25	28	25	25
Bureau of Indian Affairs:							
Indian moneys, proceeds of labor, agencies, schools, etc.....	600	3,456	3,890	3,800	3,598	3,831	3,740
Indian tribal funds.....	600	54,709	70,000	70,000	67,183	65,305	45,900
Licenses under Federal Power Act from Indian reservations.....	600	180	180	180			
Bureau of Reclamation: Reclamation trust funds.....	400	1,680	377	214	1,659	730	240
Geological Survey: Advances, authorized services.....	400	1,344	1,400	1,400	1,342	1,400	1,400
Bureau of Mines: Contributed funds.....	400	714	850	800	786	824	808
National Park Service:							
Donations.....	400	374	550	250	811	1,053	525
National Park trust fund.....	400	7	6	6	4	5	5
Preservation, birthplace of Abraham Lincoln.....	400	2	2	2		1	
Fish and Wildlife Service:							
Bureau of Sport Fisheries and Wildlife contributed funds.....	400	46	50	50	132	70	55
Bureau of Commercial Fisheries:							
Contributed funds.....	400	838	829	834	804	870	815
Inspection and grading of fishery products.....	400		170	170		150	185
Total, Department of the Interior.....		64,291	79,716	78,256	77,204	75,529	54,623

TABLE 10—Continued
TRUST RECEIPTS AND EXPENDITURES—Continued
 BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Department of Justice:							
Federal Prison System: Commissary funds.....	200				\$79	—\$11	—\$20
Office of Alien Property:							
Alien property fund, World War II.....	600				—26,245	—30,261	—5,229
International Claims Settlement Act, title II fund.....	600				5,681	1,427	1,555
Alien property fund, Philippines, World War II.....	150				13	32	2,938
Total, Department of Justice.....					—20,472	—28,813	—756
Department of Labor							
Office of the Secretary: Advances from international organizations, Mutual Security Act.....	150	\$10			3	7	
Bureau of Employment Security: Salaries and expenses.....	200	6,079			5,656	415	
Bureau of Employees' Compensation:							
Relief and rehabilitation, Longshoremen's and Harbor Workers' Compensation Act, as amended.....	600	34	\$33	\$32	20	118	72
Relief and rehabilitation, Workmen's Compensation Act, within the District of Columbia.....	600	5	5	5	3	5	5
Advances and reimbursements.....	600					—1	—1
Bureau of Labor Statistics: Special statistical work.....	200	41	43		35	57	9
Total, Department of Labor.....		6,168	81	37	5,716	601	85
Department of State:							
Foreign Service retirement and disability fund:							
General fund:							
Employers' contributions.....	200	1,667	2,025	2,360	2,698	2,977	3,140
Interest on investments.....	200	945	1,023	1,105			
Employees' contributions.....	200	1,997	1,761	1,830			
Total, Foreign Service retirement and disability fund.....		4,609	4,809	5,295	2,698	2,977	3,140
Foreign Service Institute unconditional gift fund.....	150	63			34	29	
Educational exchange:							
Education of Iranian students in the United States.....	150				1	5	4
U.S. dollars advanced from foreign governments.....	150	521	300	200	501	325	325
Indemnification funds, foreign governments.....	150	100			100		
Total, Department of State.....		5,293	5,109	5,495	3,333	3,336	3,469
Treasury Department:							
Office of the Secretary:							
Federal disability insurance trust fund:							
Taxes.....	200	862,862	870,000	940,000	180,819	417,320	523,941
Deposits by States.....	200	63,542	65,000	67,000			
Interest on investments.....	200	16,131	39,975	48,969			
Payment from railroad retirement account.....	200		9,000				
Total, Federal disability insurance trust fund.....		942,534	983,975	1,055,969	180,819	417,320	523,941
Federal old-age and survivors insurance trust fund:							
Taxes.....	200	6,870,362	7,354,000	9,276,000	8,116,171	9,656,020	10,577,549
Deposits by States.....	200	472,089	550,000	660,000			
Interest on investments.....	200	555,398	532,901	519,836			
Interest payments by railroad retirement account.....	200	1,588					
Other.....	200	457	621	679			
Total, Federal old-age and survivors insurance trust fund.....		7,899,893	8,437,522	10,456,515	8,116,171	9,656,020	10,577,549
Pershing Hall memorial fund.....	600	5	5	5	5	5	5
Unemployment trust fund:							
Deposits by States.....	200	1,500,686	1,600,000	1,700,000	3,147,959	2,954,292	2,511,478
Deposits by Railroad Retirement Board.....	200	90,442	100,000	110,000			
Interest on investments.....	200	230,881	205,000	202,000			
General fund: "Payment to unemployment trust fund," Treasury Department.....	200	39,532		5,612			
Less transfer of receipts to Department of Labor.....	200	6,079					
Total, unemployment trust fund.....		1,855,462	1,905,000	2,017,612	3,147,959	2,954,292	2,511,478

TABLE 10—Continued

TRUST RECEIPTS AND EXPENDITURES—Continued

BY ORGANIZATION UNIT AND ACCOUNT TITLE—Continued

[In thousands]

Organization unit and account title	Functional code	RECEIPTS			EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	196 estimate
Treasury Department—Continued							
Bureau of Accounts:							
Bulgarian claims fund.....	600	\$2,121	\$500	\$255	\$101	\$181	\$2,606
Hungarian claims fund.....	600	277	3,000	650		1,200	2,790
Italian claims fund.....	600				182	461	4,107
Mexican claims fund.....	600				10	10	10
Rumanian claims fund.....	600	3,519	4,000	3,980	126	538	25,429
Soviet claims fund.....	600				769	1,000	6,125
Yugoslav claims fund.....	600				1,718	100	290
Losses in melting gold.....	600	8	5	5		1	1
Adjustment in increment from reduction in weight of gold dollar.....	600		-135,616				
Deposits of unclaimed moneys of individuals whose whereabouts are unknown.....	600	4					
National defense conditional gift fund.....	060	14			12	37	
Payment of pre-1934 bonds of the Government of the Philippines.....	600	127	80	80	1,055	166	3,209
Payment of unclaimed moneys.....	600	357	350	350	43	100	100
Bureau of Customs:							
Refunds, transfers, and expenses of operation, Virgin Islands.....	600	412	425	450	428	425	450
Refunds, transfers, and expenses of operation, Puerto Rico.....	600	7,312	7,600	7,900	7,089	7,599	7,900
Refunds, transfers, and expenses, unclaimed, abandoned, and seized goods.....	600	328	325	325	232	325	325
Internal Revenue Service: Expenses, Treasury Department, enforcement title III, National Prohibition Act, as amended, Puerto Rico and Virgin Islands.....	600	132	110	126	117	131	133
Coast Guard: General gift fund.....	500	5	5	9	9	11	9
Total, Treasury Department.....		10,712,512	11,207,286	13,544,231	11,456,845	13,039,922	13,666,457
District of Columbia:							
Revenue.....	600	177,447	222,207	246,856	227,272	286,830	293,588
Payment from general fund, Federal payment.....	600	37,130	37,907	41,622			
Total, District of Columbia.....		214,577	260,114	288,478	227,272	286,830	293,588
Deposit funds:							
Legislative branch.....					311	-100	150
The Judiciary.....					102		
Executive Office of the President.....					-19	-25	-27
Funds appropriated to the President.....					111	1,297	-366
Independent Offices:							
Atomic Energy Commission.....					-176		
Civil Service Commission.....					782	775	775
Farm Credit Administration.....					2,945	6,955	3,526
Federal Home Loan Bank Board.....					3,291	865	1,100
Veterans Administration.....					-3,122	-3,000	-3,000
Other.....					1,223	2,008	689
General Services Administration.....					-771	-450	-90
Housing and Home Finance Agency.....					-120		
Department of Agriculture.....					3,655	-794	-771
Department of Commerce.....					853	4,326	4,690
Department of Defense—Military Functions.....					56,197	28,684	8,933
Department of Defense—Civil Functions.....					-7,833	-4,318	-5,102
Department of Health, Education, and Welfare.....					-959	-889	-889
Department of the Interior.....					-42,357	-24,990	-25,015
Department of Justice.....					-935	-1,040	-1,000
Department of Labor.....					26	-50	-25
Post Office Department.....					767		
Department of State.....					-278	275	275
Treasury Department.....					-101,646	18,000	18,000
District of Columbia.....					-1,478	1,395	-186
Total, trust fund receipts and expenditures.....		16,329,445	17,584,853	20,476,693	16,069,165	18,883,610	20,258,787
Deduct trust fund expenditures.....		16,069,165	18,883,610	20,258,787			
Net accumulation in trust funds.....		260,280	-1,298,757	217,906			
Net increase or decrease (—) in cash balances due to trust fund debt and investment transactions (from special analysis K).....		235,370	747,728	-325,204			
Increase or rease (—) in deccash balances resulting from trust fund operations.....		495,650	-551,029	-107,298			
RECAPITULATION							
Trust funds:							
Existing legislation.....		\$16,329,445	\$17,584,853	\$19,796,693	\$16,158,599	\$18,854,688	\$20,223,020
Proposed legislation.....				690,000			34,100
Deposit funds, net:							
Purchase of U. S. securities (quasi-governmental enterprises).....					461,375	28,924	1,667
Sales and redemptions of obligations in the market (quasi-governmental enterprises).....					167,166		
Other.....					-717,975		
Total trust fund receipts and expenditures.....		16,329,445	17,584,853	20,476,693	16,069,165	18,883,610	20,258,787

SUMMARY OF MAJOR TRUST FUND BALANCES AVAILABLE AT START OF YEAR

[Including U. S. securities]

	1958	1959	1960	1961
Federal disability insurance trust fund.....	\$337,258	\$1,098,973	\$1,665,628	\$2,197,656
Federal employees' retirement funds.....	7,535,204	8,293,803	9,179,830	9,914,406
Federal old-age and survivors insurance trust fund.....	23,028,878	22,812,600	21,594,102	21,473,068
Highway trust funds.....	516,335	1,048,534	639,000	414,900
Railroad retirement account.....	3,702,796	3,668,223	3,900,264	4,049,364
Unemployment trust fund.....	9,057,924	7,765,428	6,716,136	6,222,270
Veterans' life insurance funds.....	6,784,938	6,828,539	6,878,498	6,941,636
Total.....	50,963,333	51,516,100	50,573,458	51,213,300

EXPENDITURES AND APPLICABLE RECEIPTS OF TRUST REVOLVING FUNDS

[In thousands]

Organization unit and account title	Functional code	GROSS EXPENDITURES (funds applied)			RECEIPTS FROM OPERATIONS (funds provided)			NET TRUST EXPENDITURES		
		1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Independent offices:										
Civil Service Commission: Employees' life insurance fund.....	200	\$75,410	\$78,815	\$81,658	\$112,831	\$134,133	\$122,663	-\$37,422	-\$55,318	-\$41,005
Farm Credit Administration: Operating fund, Federal intermediate credit banks.....	350	2,792,537	1,307,079	-----	2,569,671	1,433,414	-----	222,866	-126,335	-----
National Capital Housing Authority: Operation and maintenance, properties aided by Public Housing Administration.....	500	37,737	30,226	22,035	37,455	29,157	21,935	282	1,069	100
General Services Administration:										
Records activities: National Archives trust fund.....	600	146	135	145	135	178	182	11	-43	-37
Housing and Home Finance Agency:										
Federal National Mortgage Association: Secondary market operations fund.....	500	1,333,101	1,014,970	1,247,963	1,227,950	655,507	762,963	105,151	359,463	485,000
Department of Agriculture:										
Farmers' Home Administration: State rural rehabilitation funds.....	350	11,285	17,618	9,646	19,669	10,413	5,866	-8,384	7,205	3,780
Department of Defense—Civil Functions:										
United States Soldiers' Home: United States Soldiers' Home revolving fund.....	100	98	94	91	93	97	97	4	-3	-6
Department of Justice:										
Federal Prison System: Commissary funds, Federal prisons.....	200	1,869	1,739	1,790	1,790	1,800	1,810	79	-11	-20
Office of Alien Property:										
Alien property fund, World War II.....	600	18,943	24,750	20,776	45,187	55,011	26,005	-26,245	-30,261	-5,229
Alien property fund, Philippines, World War II.....	150	52	1,210	3,030	39	1,178	92	13	32	2,938
International Claims, Settlement Act, title II fund.....	600	6,373	2,632	1,855	692	1,205	300	5,681	1,427	1,555
Total, trust revolving funds.....		4,277,551	2,479,318	1,388,989	4,015,512	2,322,093	941,913	262,036	157,225	447,076

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH SERVICE

AGRICULTURAL RESEARCH SERVICE TRUST FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Expenses and refunds, inspection and grading of farm products:			
(a) Inspection and certification of animal foods and inedible agricultural products.....	\$89,109	\$87,600	\$87,600
(b) Identification service for meat and other products.....	41,189	41,500	41,500
(c) Contract specification work on meat and meat food products.....	187,835	200,568	200,568
2. Expenses, feed and attendants for animals in quarantine.....	15,306	18,358	15,000
3. Miscellaneous contributed funds.....	249,286	308,326	258,636
4. Prior year advances returned.....	8,006	4,829	-----
Total obligations.....	590,731	661,181	603,304
Financing:			
Unobligated balance brought forward...	290,265	271,915	212,402
Receipts:			
Expenses and refunds, inspection and grading of farm products.....	346,777	329,668	329,668
Expenses, feed and attendants for animals in quarantine.....	15,467	15,000	15,000
Miscellaneous contributed funds.....	210,137	257,000	250,000
Unobligated balance carried forward.....	-271,915	-212,402	-203,766
Total financing.....	590,731	661,181	603,304

The following services are financed by fees and miscellaneous contributions advanced by importers, manufacturers, States, organizations, individuals, and others.

1. *Expenses and refunds, inspection and grading of farm products* provide for (a) inspection and certification of animal foods and inedible agricultural products in interstate and foreign commerce; (b) identification and marking of divided portions of meat, meat byproducts, and meat food products previously federally inspected and so marked in order that divided portions will bear Federal marks; and (c) examination of meat and meat food products in federally inspected meat packing plants for compliance with contract specifications (7 U. S. C. 1622h, 1624).

2. *Expenses, feed and attendants for animals in quarantine*, are paid from fees advanced by importers (21 U. S. C. 102).

3. *Miscellaneous contributed funds* received from States, local organizations, individuals, and others are available for work under cooperative agreements on miscellaneous production and utilization research activities, plant quarantine inspection, and cooperative plant pest control activities (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	14	15	15
Full-time equivalent of all other positions.....	8	13	10
Average number of all positions.....	30	36	34
Number of employees at end of year.....	11	17	16
Average GS grade and salary.....	7.3 \$5,369	7.4 \$5,947	7.5 \$5,976
01 Personal services:			
Permanent positions.....	\$100,951	\$131,260	\$132,007
Positions other than permanent.....	20,951	40,637	37,162
Other personal services.....	10,202	12,596	13,040
Total personal services.....	132,104	184,493	182,209
02 Travel.....	34,362	39,966	35,344
03 Transportation of things.....	3,413	785	550
04 Communication services.....	1,512	1,450	750
05 Rents and utility services.....	13,481	11,390	6,981
06 Printing and reproduction.....	616	30	30
07 Other contractual services.....	9,229	22,029	19,249
Services performed by other agencies.....	334,546	337,153	335,153
08 Supplies and materials.....	43,837	39,020	13,491
09 Equipment.....	3,512	11,900	1,700
11 Grants, subsidies, and contributions.....	5,509	7,354	7,241
13 Refunds, awards, and indemnities.....	8,006	4,829	-----
15 Taxes and assessments.....	840	1,032	856
Subtotal.....	590,967	661,431	603,554

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
Deduct quarters and subsistence charges..	\$236	\$250	\$250
Total obligations.....	590,731	661,181	603,304

EXTENSION SERVICE

MISCELLANEOUS CONTRIBUTED FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Miscellaneous contributed funds (total obligations).....	\$2,010	\$4,671	\$4,600
Financing:			
Receipts.....	2,010	4,671	4,600

Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
02 Travel.....	\$2,010	\$4,671	\$4,600

SOIL CONSERVATION SERVICE

SOIL CONSERVATION SERVICE TRUST FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Technical services and other assistance, agricultural conservation program.....	\$7,984,512	\$3,425,000	-----
2. Miscellaneous contributed funds.....	243,517	250,000	\$250,000
Total obligations.....	8,228,029	3,675,000	250,000
Financing:			
Unobligated balance brought forward...	3,268,956	2,902,026	66,542
Receipts:			
Technical services and other assistance, agricultural conservation program.....	7,669,375	589,516	-----
Miscellaneous contributed funds.....	191,724	250,000	250,000
Unobligated balance carried forward.....	-2,902,026	-66,542	-66,542
Total financing.....	8,228,029	3,675,000	250,000

1. *Technical services and other assistance, agricultural conservation program.*—For the 1957 and 1958 program years, funds were advanced to the Soil Conservation Service from the agricultural conservation program appropriation on the basis of agreements with individual county agricultural stabilization and conservation committees for technical assistance in carrying out the agricultural conservation program in participating counties. For the 1959 and subsequent program years these agreements provide that the technical services to agricultural conservation program participants will be performed on a reimbursable basis. This assistance is over and above that which would be furnished to farmers and ranchers under the regular soil conservation programs with soil conservation districts (71 Stat. 337; 16 U. S. C. 590k).

2. *Miscellaneous contributed funds.*—Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	157	15	15
Full-time equivalent of all other positions.....	454	215	13
Average number of all employees.....	1,470	655	34
Number of employees at end of year.....	851	26	26
Average GS grade and salary.....	6.4 \$4,877	6.7 \$5,492	6.8 \$5,518
01 Personal services:			
Permanent positions.....	\$4,862,419	\$2,209,792	\$121,000
Positions other than permanent.....	1,463,522	727,000	42,000
Other personal services.....	15,683	8,608	3,000
Total personal services.....	6,341,624	2,945,400	166,000
02 Travel.....	58,496	32,300	11,500
03 Transportation of things.....	266	300	300
04 Communication services.....	2,014	1,100	500
05 Rents and utility services.....	1,371	1,400	1,400
06 Printing and reproduction.....	589	500	500
07 Other contractual services.....	717,819	266,300	36,300
Services performed by other agencies.....	120,753	52,500	1,500
08 Supplies and materials.....	185,671	82,000	7,000
09 Equipment.....	5,777	1,100	1,100
11 Grants, subsidies, and contributions.....	322,584	144,000	7,800
13 Refunds, awards, and indemnities.....	445,678	130,500	15,000
15 Taxes and assessments.....	25,387	17,600	1,100
Total obligations.....	8,228,029	3,675,000	250,000

AGRICULTURAL MARKETING SERVICE

AGRICULTURAL MARKETING SERVICES TRUST FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Expenses and refunds, inspection and grading of farm products:			
(a) Cottonseed.....	\$20,569	\$22,000	\$22,100
(b) Dairy products.....	1,807,372	2,195,750	2,201,500
(c) Fresh and processed fruits and vegetables.....	4,045,538	5,646,000	5,698,200
(d) Meat.....	3,957,172	4,404,100	4,489,200
(e) Naval stores.....	14,995	16,350	16,400
(f) Poultry products.....	5,935,082	3,623,200	3,450,000
(g) Rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities.....	1,207,528	1,444,600	1,448,600
2. Miscellaneous contributed funds.....	154,318	85,900	88,000
Total obligations.....	18,042,574	17,437,900	17,414,000
Financing:			
Unobligated balance brought forward.....	5,671,962	6,138,275	5,919,375
Receipts:			
Expenses and refunds, inspection and grading of farm products.....	18,286,425	17,161,000	16,917,000
Miscellaneous contributed funds.....	146,190	58,000	56,000
Recovery of prior year obligations.....	76,272	-----	-----
Unobligated balance carried forward.....	-6,138,275	-5,919,375	-5,478,375
Total financing.....	18,042,574	17,437,900	17,414,000

1. *Expenses and refunds, inspection and grading of farm products.*—An inspection and grading service for farm products is provided upon application of interested parties. These services are supported primarily by fees and, to a limited extent, by direct appropriations to the Agricultural Marketing Service. The schedules reflect expenses paid from fees received (7 U. S. C. 91-99; 1621-1627). The volume of work performed under the trust fund is shown below.

[In millions]

Commodity	Unit	1958 actual	1959 estimate	1960 estimate
Dairy products.....	Pound.....	3,442.0	2,780.0	2,780.0
Fresh fruits and vegetables.....	Car or carlot equivalent.	1.4	1.4	1.4
Processed fruits and vegetables:				
Canned products.....	Case.....	152.1	130.0	130.0
Frozen, dried, and miscellaneous.....	Pound.....	2,809.7	2,955.0	3,050.0
Meat and meat products graded.....	Pound.....	7,147.9	7,437.8	7,764.0
Poultry products graded:				
Shell eggs.....	Case.....	28.8	30.0	30.0
Processed eggs.....	Pound.....	361.4	364.0	364.0
Poultry, including rabbits.....	Pound.....	1,480.5	1,513.4	1,513.4
Poultry products inspected:				
Poultry, including rabbits.....	Pound.....	1,637.5	500.0	100.0
Poultry certified for canning.....	Pound.....	226.0	190.0	235.0
Grain and related products:				
Rice, beans, and peas.....	100-pound bag.....	52.5	57.5	58.0
Seed verification and reverification.....	Pound.....	72.3	85.0	85.0

2. *Miscellaneous contributed funds.*—Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	3,493	2,652	2,750
Full-time equivalent of all other positions.....	88	151	148
Average number of all employees.....	2,676	2,447	2,454
Number of employees at end of year.....	2,566	2,529	2,594
Average GS grade and salary.....	7.3 \$5,312	7.3 \$5,857	7.3 \$5,822
Average salary of ungraded positions.....	\$3,991	\$4,191	\$4,194
01 Personal services:			
Permanent positions.....	\$13,156,105	\$12,646,027	\$12,607,891
Positions other than permanent.....	341,938	637,315	624,960
Other personal services.....	664,597	372,236	402,449
Total personal services.....	14,162,640	13,655,578	13,635,300
02 Travel.....	1,392,842	1,297,210	1,300,400
03 Transportation of things.....	62,470	48,950	47,900
04 Communication services.....	219,765	230,450	230,500
05 Rents and utility services.....	86,131	88,600	87,500
06 Printing and reproduction.....	102,366	132,100	131,300
07 Other contractual services.....	733,998	905,800	908,700
Services performed by other agencies.....	231,247	-----	-----
08 Supplies and materials.....	133,503	146,150	145,700
09 Equipment.....	133,553	105,000	101,600
11 Grants, subsidies, and contributions.....	750,282	793,537	790,200
13 Refunds, awards, and indemnities.....	6,772	7,400	7,600
15 Taxes and assessments.....	27,005	27,125	27,300
Total obligations.....	18,042,574	17,437,900	17,414,000

COMMODITY STABILIZATION SERVICE

MISCELLANEOUS CONTRIBUTED FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Miscellaneous contributed funds (total obligations).....	\$78,797	\$20,000	\$15,000
Financing:			
Unobligated balance brought forward.....	6,323	5,627	-----
Receipts.....	78,101	14,373	15,000
Unobligated balance carried forward.....	-5,627	-----	-----
Total financing.....	78,797	20,000	15,000

Miscellaneous funds received from States, local organizations, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
07 Other contractual services.....	\$78,797	\$20,000	\$15,000

FARMERS' HOME ADMINISTRATION

STATE RURAL REHABILITATION FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Acquisition of assets:			
Loan commitments.....	\$12,186,329	\$14,015,970	\$6,800,000
Other.....	9,133	6,000	4,000
2. Expense.....	614,174	451,815	237,402
3. Funds returned to States.....	190,250	1,360,200	1,560,025
Total obligations.....	12,999,886	15,833,985	8,601,427
Financing:			
Amounts becoming available:			
Loans repaid.....	18,304,206	8,600,000	4,660,000
Sale of property.....	1,688	-----	-----
Payments on judgments.....	22,863	20,000	14,000
Interest income.....	1,243,923	864,100	655,050
Other income.....	30,171	200	-----
Total amounts becoming available.....	19,602,851	9,484,300	5,329,050

DEPARTMENT OF AGRICULTURE—Continued

FARMERS' HOME ADMINISTRATION—Continued

STATE RURAL REHABILITATION FUNDS—Continued

Program and Financing—Continued

	1958 actual	1959 estimate	1960 estimate
Financing—Continued			
Unobligated balance brought forward.....	\$3,874,802	\$10,477,767	\$4,123,082
Total amounts available.....	23,477,653	19,962,067	9,457,132
Unobligated balance carried forward.....	-10,477,767	-4,123,082	-855,705
Financing applied to program.....	12,999,886	15,833,985	8,601,427

These funds are administered by the Farmers' Home Administration, under agreements with 40 individual States, for use in carrying out titles I and II of the Bankhead-Jones Farm Tenant Act. In these States, operating type loans are made at 5% interest. In some States, farm ownership type loans are made from these funds and insured under the regular Farmers' Home Administration insured loan program at 3½% plus a 1% insurance charge. The entire assets of the 40 State corporations are being administered by the Farmers' Home Administration, with the exception of \$5,534,158 in cash and other assets returned to States for rural rehabilitation purposes agreed upon between each corporation and the Federal Government.

Declining activity is expected in 1960 as a result of more rapid return of assets to State corporations. Actual and estimated loan operations for 1957, 1958, 1959, and 1960 are as follows:

	Operating		Farm ownership	
	Number	Amount	Number	Amount
1957.....	2,086	\$3,383,703	721	\$8,810,370
1958.....	1,043	1,799,719	753	10,386,610
1959 estimate.....	1,325	2,200,000	855	11,815,970
1960 estimate.....	495	800,000	435	6,000,000

Sources and Application of Funds (Operations)

	1958 actual	1959 estimate	1960 estimate
Gross expenditures (funds applied):			
Loan program:			
Acquisition of loans.....	\$10,367,864	\$15,200,000	\$7,400,000
Other acquisitions.....	9,133	6,000	4,000
Expense.....	717,516	596,200	342,100
Assets returned to States.....	190,250	1,816,000	1,900,000
Total gross expenditures.....	11,284,763	17,618,200	9,646,100
Receipts from operations (funds provided):			
Loan program:			
Loans repaid.....	18,304,206	8,600,000	4,660,000
Proceeds from sale of acquired property.....	1,688		
Payments on judgments.....	22,863	20,000	14,000
Revenue.....	1,274,094	864,300	655,050
Decrease in selected working capital.....	65,757	929,200	536,850
Total receipts from operations.....	19,668,608	10,413,500	5,865,900
Trust expenditures.....	-8,383,845	7,204,700	3,780,200

Revenue, Expense, and Retained Earnings

	1958 actual	1959 estimate	1960 estimate
Operating program:			
Revenue.....	\$1,274,998	\$864,300	\$655,050
Expense.....	669,549	346,227	26,430
Net operating income.....	605,449	518,073	628,620
Nonoperating loss (-):			
Sale of acquired property.....	1,688		
Net book value of assets sold (-).....	-13,526		
Net nonoperating loss (-).....	-11,838		
Net income for the year.....	593,611	518,073	628,620
Deficit (-), beginning of year.....	-4,332,037	-3,738,426	-3,220,353
Deficit (-), end of year.....	-3,738,426	-3,220,353	-2,591,733

Financial Condition

	1958 actual	1959 estimate	1960 estimate
Assets:			
Cash with Treasury.....	\$11,100,048	\$3,891,348	\$103,143
U. S. securities (par).....	222,000	226,000	231,000
Accounts receivable, net.....	1,600,400	1,271,385	1,179,208
Loans receivable, net.....	18,082,717	20,127,439	10,525,311
Acquired security or collateral.....	2,681	5,181	7,681
Real estate acquired through foreclosure.....	34,811	34,811	34,811
Judgments, net.....	33,780	26,280	19,780
Total assets.....	31,076,437	25,582,444	12,103,939
Liabilities:			
Current.....	60,651	60,651	60,651
Investment of States:			
Start of year.....	35,908,659	34,754,212	28,742,146
Assets transferred under trust agreement during year, net (-).....	-1,154,447	-6,012,066	-14,107,125
End of year.....	34,754,212	28,742,146	14,635,021
Deficit (-).....	-3,738,426	-3,220,353	-2,591,733
Total investment of States.....	31,015,786	25,521,793	12,043,288

Status of Certain Fund Balances

	1957 actual	1958 actual	1959 estimate	1960 estimate
Unexpended balance:				
Cash with Treasury and U. S. securities.....	\$2,938,203	\$11,322,048	\$4,117,348	\$337,143
Obligated balance, net:				
Current liabilities.....	50,272	60,651	60,651	60,651
Undisbursed loan commitments.....	565,565	2,384,030	1,200,000	600,000
Accounts receivable, net, and cash in transit (-).....	-1,552,436	-1,600,400	-1,271,385	-1,179,208
Total obligated balance.....	-936,599	844,281	-10,734	-518,557
Unobligated balance.....	3,874,802	10,477,767	4,128,082	855,705

Object Classification

	1958 actual	1959 estimate	1960 estimate
Total number of permanent positions.....	59	50	23
Average number of all employees.....	57	41	21
Number of employees at end of year.....	48	44	22
Average GS grade and salary.....	5.4 \$4,537	5.5 \$5,042	5.3 \$4,972
01 Personal services:			
Permanent position.....	\$269,710	\$208,740	\$102,940
Other personal services.....	873	960	860
Total personal services.....	270,583	209,700	103,800
02 Travel.....	36,304	28,100	23,000
07 Other contractual services.....	1,002	700	400
Services performed by other agencies.....	74,652	78,000	66,000
11 Grants, subsidies, and contributions.....	16,429	13,410	6,730
13 Refunds, awards, and indemnities.....	190,250	1,360,200	1,560,025
15 Taxes and assessments.....	93	90	70
16 Investments and loans.....	12,195,462	14,021,970	6,804,000
Undistributed charges.....	215,111	121,815	37,402
Total obligations.....	12,999,886	15,833,985	8,601,427

OFFICE OF INFORMATION

MISCELLANEOUS CONTRIBUTED FUND

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
Miscellaneous contributed funds (total costs—obligations).....	\$3,538	\$613	
Financing:			
Unobligated balance brought forward.....	2,071	613	
Receipts.....	2,080		
Unobligated balance carried forward.....	613		
Total financing.....	3,538	613	

Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

Object Classification

	1958 actual	1959 estimate	1960 estimate
02 Travel.....	\$1,123		
03 Transportation of things.....	352	\$300	
07 Other contractual services: Services performed by other agencies.....	2,063	313	
Total obligations.....	3,538	613	

FOREST SERVICE

FOREST SERVICE TRUST FUNDS

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Cooperative work:			
(a) Construction and maintenance of roads and trails.....	\$1,122,003	\$1,000,000	\$1,000,000
(b) Construction and maintenance of other improvements.....	368,962	350,000	350,000
(c) Protection of national forests and adjacent private land.....	2,186,043	2,200,000	2,200,000
(d) Sale area betterment and scaling.....	9,604,525	9,930,000	9,930,000
(e) Research investigations.....	872,827	900,000	900,000
(f) Administration.....	52,077	60,000	60,000
(g) Reforestation.....	85,806	60,000	60,000
2. Miscellaneous contributed funds.....	2,297	17,414	
3. Technical services and other assistance, agricultural conservation program.....	16,725	4,360	
Total obligations.....	14,311,265	14,521,774	14,500,000
Financing:			
Unobligated balance brought forward.....	15,176,197	13,557,702	12,055,928
Receipts:			
Cooperative work.....	12,678,891	13,000,000	13,000,000
Technical services and other assistance, agricultural conservation program.....	13,879	20,000	20,000
Unobligated balance carried forward.....	-13,557,702	-12,055,928	-10,575,928
Total financing.....	14,311,265	14,521,774	14,500,000

1. *Cooperative work.*—Advances, including deposits from purchasers of timber, are received and used for cooperative work in forest investigations, protection, and improvement of the national forests; and protection, reforestation, and administration of private lands adjacent to national forests (16 U. S. C. 498, 572, 572a, 576b, 581; 31 U. S. C. 725s).

2. *Miscellaneous contributed funds.*—Miscellaneous funds received from States, local organizations, individuals, and others are available for work under cooperative agreements (5 U. S. C. 67, 563).

3. *Technical services and other assistance, agricultural conservation program.*—Funds are advanced to the Forest Service from the agricultural conservation program appropriation on the basis of agreements with individual county agricultural stabilization and conservation committees for technical assistance in formulating and carrying out the forestry portion of the agricultural conservation cost-sharing programs in participating counties (71 Stat. 337; 16 U. S. C. 590k).

Object Classification

	1958 actual	1959 estimate	1960 estimate
FOREST SERVICE			
Total number of permanent positions.....	1,105	1,106	1,106
Full-time equivalent of all other positions.....	1,428	1,326	1,326
Average number of all employees.....	2,529	2,415	2,415
Number of employees at end of year.....	3,642	3,590	3,590
Average GS grade and salary.....	6.6 \$5,008	6.7 \$5,589	6.8 \$5,589
Average salary of ungraded positions.....	\$4,337	\$4,569	\$4,569

Object Classification—Continued

	1958 actual	1959 estimate	1960 estimate
FOREST SERVICE—continued			
01 Personal services:			
Permanent positions.....	\$4,544,509	\$4,831,808	\$4,831,808
Positions other than permanent.....	4,454,876	4,245,339	4,245,339
Other personal services.....	158,517	136,069	154,629
Total personal services.....	9,157,902	9,213,216	9,231,776
02 Travel.....	123,150	132,100	132,100
03 Transportation of things.....	59,875	70,900	70,900
04 Communication services.....	69,254	80,700	80,700
05 Rents and utility services.....	122,306	135,200	135,200
06 Printing and reproduction.....	5,925	6,200	6,200
07 Other contractual services.....	915,812	1,199,570	1,194,450
Services performed by other agencies.....	1,036,025	1,168,760	1,163,800
08 Supplies and materials.....	1,597,952	1,607,464	1,600,100
09 Equipment.....	377,515	322,400	322,400
10 Lands and structures.....	262,741	256,100	256,100
11 Grants, subsidies, and contributions.....	290,288	312,736	312,800
13 Refunds, awards, and indemnities.....	133,963	122,800	122,800
15 Taxes and assessments.....	104,839	102,418	102,480
Subtotal.....	14,257,547	14,730,564	14,731,806
Deduct quarters and subsistence charges.....	223,266	231,806	231,806
Total, Forest Service.....	14,034,281	14,498,758	14,500,000
ALLOCATION TO DEPARTMENT OF COMMERCE			
Total number of permanent positions.....	4		
Full-time equivalent of all other positions.....	3	1	
Average number of all employees.....	6	1	
Number of employees at end of year.....	1	1	
Average GS grade and salary.....	7.7 \$5,883		
01 Personal services:			
Permanent positions.....	\$16,519		
Positions other than permanent.....	17,587	\$3,770	
Other personal services.....	10,645		
Total personal services.....	44,651	3,770	
02 Travel.....	4,415	1,000	
03 Transportation of things.....	124		
07 Other contractual services.....	8,554	15,000	
08 Supplies and materials.....	184		
09 Equipment.....	18		
10 Lands and structures.....	216,678	3,131	
11 Grants, subsidies, and contributions.....	2,122	55	
15 Taxes and assessments.....	419	60	
Subtotal.....	277,165	23,016	
Deduct quarters and subsistence charges.....	181		
Total, Department of Commerce.....	276,984	23,016	
Total obligations.....	14,311,265	14,521,774	14,500,000

DEPARTMENT OF COMMERCE

BUREAU OF THE CENSUS

SPECIAL STATISTICAL WORK

Program and Financing

	1958 actual	1959 estimate	1960 estimate
Program by activities:			
1. Age and citizenship searches.....	\$679,137	\$714,000	\$715,000
2. Other special statistical studies.....	1,195,519	964,850	619,000
3. General administration.....	253,397	171,150	166,000
Total obligations.....	2,128,053	1,850,000	1,500,000
Financing:			
Unobligated balance brought forward.....	747,679	389,691	300,000
Receipts.....	1,770,065	1,760,309	1,500,000
Unobligated balances carried forward.....	-389,691	-300,000	-300,000
Total financing.....	2,128,053	1,850,000	1,500,000

The Bureau performs special statistical work, at cost, for individuals and firms requesting such data. In addition, the Bureau furnishes age and citizenship data from past census records on a fee basis. Funds received for these purposes are used to pay expenses incurred in

INTRODUCTION TO PART IV

Part IV of the budget contains special analyses of budget data and Federal programs. These analyses supplement material appearing in other parts of the budget. Most of the analyses include explanatory material which expands and elaborates these introductory notes.

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

Special analysis A presents information on the flow of money between the public and the Federal Government as a whole, including both Federal funds and trust (and deposit) funds. In addition, certain transactions of enterprises which are sponsored by the Government are included. Major intragovernmental and noncash transactions are excluded in this consolidation. This analysis also presents a reconciliation with Treasury cash deposits and withdrawals as reported in the Daily Statement of the United States Treasury. The information here is the basis for table 5 of part I, which summarizes the data for fiscal year 1960 only.

ANALYSIS OF BUDGET RECEIPTS

Special analysis B presents details on the budget receipts summarized in table 1 of part I. It includes a statement explaining the receipt estimates, together with a table giving a classification of receipts by source. The figures include receipts of both the general fund and the special funds. The text pertaining to taxes, customs, and refunds is prepared by the Treasury Department.

ANALYSIS OF THE BUDGET BY FUNCTION AND AGENCY

Special analysis C gives the details for the functional classification of new obligational authority and expenditures used in the budget message and in certain tables of part I. It is compiled by regrouping the figures found in the chapter summaries of part II. The code numbers listed in the chapter summaries are the key to the grouping found in this analysis.

CHARACTER ANALYSIS OF BUDGET EXPENDITURES

Special analysis D analyzes budget expenditures in terms of the duration and nature of the benefits derived. Expenditures of an *investment* type are shown in two major categories—one for acquisition and improvement of Federal assets, and the other for developmental purposes such as additions to State, local, and private assets, and expenditures for research, education, and health. Expenditures yielding *current* benefits are also grouped in two major categories—one for aids and special services to various groups, and the other for the remaining current operating expenses. No adjustments are made for depreciation, obsolescence, allowances for potential losses on loans, and other items not reflected in current expenditure data.

ANALYSES OF CERTAIN PROGRAM EXPENDITURES

Special analysis E gives detailed information on the major Federal credit programs involving direct loans, loan

insurance, and loan guaranties. It provides data on commitment authority, commitments, expenditures, repayments, and outstanding loans, guaranties, and insurance.

Special analysis F provides an analysis of the construction activities of the Federal Government. It presents detailed information on direct Federal public works and Federal grants and loans for public works. It gives summary information on Federal financial assistance for certain international public works, semipublic works, and construction by private business and individuals.

Special analysis G covers Federal financial assistance to State and local governments. Three types of Federal assistance are included—direct grants-in-aid, shared revenues, and loans and repayable advances.

Special analysis H summarizes Federal expenditures for research and development. It includes both the performance of research and the construction, improvement, and equipping of research facilities. Data on Federal support of scientific training programs are appended.

Special analysis I presents the current and recommended budget levels of the principal statistical programs of the Federal Government.

Special analysis J presents a broad picture of the scope and responsibilities of the directly operated Federal medical, hospital, and domiciliary programs, and of supplemental care of Federal legal beneficiaries through contractual arrangements. It provides information on each agency program in detail, and includes data for clinical research, construction, and in-hospital training and for related Federal grant programs.

SELECTED INVESTMENTS AND INTERFUND TRANSACTIONS

Special analysis K sets forth certain investments and interfund transactions which are not reflected in the expenditures or receipts shown elsewhere in the budget. The first two groups of these are the investments by revolving and trust funds in United States Government securities (both Treasury issues and the securities of wholly owned Government enterprises), and the net borrowing or repayment of debt by wholly owned enterprises (other than their debt to the Treasury). The totals of these transactions, while not a part of budget expenditures or receipts, affect the financing requirements of the Government as a whole, and therefore are included in computations shown in table 4 of part I. The other group of transactions included in this table constitutes transfers by the revolving funds to the general fund, representing the return of capital or the distribution of earnings; such transfers are excluded from budget expenditures and budget receipts.

HISTORICAL COMPARISON OF BUDGET RECEIPTS AND EXPENDITURES

Special analysis L presents a 10-year comparison of budget receipts and expenditures. The receipts are classified by source and the expenditures by function. A technical note sets forth the change in classifications since the 1959 budget. As in special analysis C, the code numbers appearing in the chapter summaries of part II are the key to the grouping of items in the expenditure section of this analysis.

SPECIAL ANALYSIS A

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

The consolidated budget, trust fund, and other transactions of the Federal Government are estimated to show a balance in 1960, after 2 years in which payments to the public exceeded receipts from the public. (For a detailed description of the coverage, use, and limitations of this concept of Federal income and outgo, see pp. 931-932 of this analysis.)

Federal receipts from the public are estimated to exceed payments to the public by \$0.6 billion, compared with an estimated excess of payments of \$13.2 billion in 1959. Receipts are expected to rise to \$93.5 billion, \$11.9 billion higher than in the current fiscal year. Payments are

estimated at \$92.9 billion, a decrease of \$2.0 billion from 1959.

The marked change from a large excess of cash payments to the public in 1959 to an excess of cash receipts from the public in 1960 reflects the economic recovery now in process. The improved budget outlook accounts for most of the change; another factor is the shift of the trust funds from an estimated total excess of expenditures over receipts of \$1.3 billion in 1959 to a net accumulation of \$0.2 billion in 1960. (For trust fund receipts and expenditures, refer to Trust Funds, part III of this document, especially pp. 879-886.)

FEDERAL GOVERNMENT RECEIPTS FROM THE PUBLIC BY MAJOR SOURCE AND PAYMENTS TO THE PUBLIC BY MAJOR FUNCTION

EXCLUDES MAJOR INTRAGOVERNMENTAL AND NONCASH TRANSACTIONS

(In millions)

Description	1948 actual	1949 actual	1950 actual	1951 actual	1952 actual	1953 actual	1954 actual	1955 actual	1956 actual	1957 actual	1958 actual	1959 esti- mate	1960 esti- mate
FEDERAL RECEIPTS FROM THE PUBLIC													
Individual income taxes.....	\$19,305	\$15,548	\$15,745	\$21,643	\$27,913	\$30,108	\$29,542	\$28,747	\$32,183	\$35,620	\$34,724	\$36,900	\$40,700
Corporation income taxes.....	9,678	11,195	10,448	14,106	21,225	21,238	21,101	17,861	20,880	21,167	20,074	17,000	21,448
Excise taxes.....	7,356	7,502	7,549	8,648	8,851	9,868	9,945	9,131	9,929	10,534	10,728	10,597	11,851
Employment taxes.....	2,388	2,476	2,881	3,928	4,563	4,980	5,423	6,217	7,294	7,578	8,641	9,112	11,131
Estate and gift taxes.....	890	780	698	708	818	881	934	924	1,161	1,365	1,393	1,365	1,415
Customs.....	403	367	407	609	533	596	542	585	682	735	782	840	900
Deposits by States, unemployment insurance.....	1,007	985	1,098	1,363	1,439	1,371	1,246	1,146	1,330	1,542	1,501	1,600	1,700
Veterans' life insurance premiums.....	434	431	440	520	473	428	426	441	441	452	485	491	498
Other budget and trust receipts.....	3,895	2,293	1,673	1,865	2,197	2,028	2,469	2,784	3,184	3,116	3,566	3,746	3,858
Total Federal receipts from the public.....	45,357	41,576	40,940	53,390	68,013	71,499	71,627	67,836	77,088	82,107	81,893	81,651	93,502
FEDERAL PAYMENTS TO THE PUBLIC													
Major national security.....	12,998	13,093	13,155	22,639	44,186	50,507	47,056	40,782	40,771	43,345	44,460	46,450	45,914
International affairs and finance.....	5,542	6,213	4,539	3,703	2,915	2,175	1,594	2,006	1,649	2,629	2,668	2,510	2,099
Veterans' services and benefits.....	6,904	7,054	9,299	5,994	5,755	4,883	4,962	5,057	5,283	5,382	5,682	5,856	5,742
Labor and welfare.....	3,149	3,993	5,275	5,068	5,915	6,920	8,442	9,890	10,608	12,494	16,140	18,497	19,056
Agriculture and agricultural resources.....	531	2,532	2,848	628	1,129	2,949	2,596	4,403	4,983	4,603	4,321	7,024	5,875
Natural resources.....	755	1,062	1,220	1,279	1,377	1,487	1,330	1,217	1,123	1,324	1,570	1,741	1,735
Commerce and housing.....	449	1,407	1,795	2,346	2,148	2,327	219	1,449	2,186	3,138	2,996	6,656	5,579
General government.....	1,385	1,033	1,056	1,228	1,345	1,361	1,471	1,397	1,576	1,493	1,620	1,974	2,082
Interest ¹	3,909	3,977	4,316	4,134	4,134	4,711	4,620	4,664	5,115	5,265	5,883	5,636	6,250
Deposit funds, net ²	73	463	77	-544	-160	-471	-115	57	229	225	-97	29	2
Allowance for contingencies.....												200	100
Expenditures by agencies, as employers, for Federal employees' retirement (-) ³											-586	-749	-723
Deduction from Federal employees' salaries for retirement (-).....	-236	-327	-358	-378	-411	-420	-430	-439	-574	-644	-666	-748	-723
Increase (-) or decrease in clearing account for outstanding checks, etc. ⁴	507	-366	-483	214	401	250	115	55	-335	753	-579	-177	-112
Adjustment to daily Treasury statement basis.....	527	437	409	-515	-769	95							
Total Federal payments to the public.....	36,493	40,570	43,147	45,797	67,964	76,773	71,860	70,538	72,617	80,008	83,413	94,899	92,875
Excess of Federal payments to (-) or receipts from the public.....	8,864	1,006	-2,207	7,593	49	-5,274	-232	-2,702	4,471	2,099	-1,520	-13,248	626

¹ Since 1954, includes adjustment for change in public debt interest checks, coupons, and accruals outstanding.

² Excludes deposit funds of Government-sponsored enterprises which are allocated by major function.

³ In 1957 and prior years the Government's payment as employer was made in a lump sum to the Civil Service Commission and was not included in any functional category as

a payment to the public. From 1958, the individual agency payments are included in the applicable functional category, but the total is deducted from payments in a lump sum.

⁴ Since 1954, excludes that part of clearing account which is for public debt interest checks, coupons, and accruals outstanding.

SPECIAL ANALYSIS A—Continued

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC—Continued

Federal receipts from the public by major source and payments to the public by major function: 1948-60.—From 1948 to 1960, total Federal receipts from and payments to the public will have increased at a faster rate than budget receipts and expenditures, reflecting both the larger size of existing trust fund programs (particularly old age and survivors insurance) and the creation of new trust funds, such as those for highways and for the secondary market operations of the Federal National Mortgage Association. Both receipts from and payments to the public in 1960 will be more than double the amounts in each of the years 1948, 1949, and 1950.

The largest increases in receipts from the public since 1948 are from income taxes. Individual income tax receipts will have risen by \$21.4 billion and corporate income tax receipts by \$11.8 billion since 1948, both more than doubling. Employment tax receipts are estimated to increase \$8.7 billion over 1948 and reach \$11.1 billion in 1960, over 4½ times the 1948 level. This increase reflects (1) rate and base increases in employment taxes, (2) the wider extension of social security coverage, and (3) generally higher incomes.

With two exceptions, payments for every function of the Federal Government will be higher in 1960 than in 1948. The exceptions are international affairs and finance, and veterans services and benefits, for which high expenditures in 1948 reflected special post World War II conditions. In absolute amounts, the largest increases since 1948 are \$32.9 billion for major national security and \$15.9 billion for labor and welfare. The largest relative changes are for commerce and housing and for agriculture and agricultural resources. Outlays for commerce (including highways) and housing in 1960 are estimated to be 12 times the 1948 total while payments for agriculture will have increased 11 times from the exceptionally low 1948 amount.

Comparison with the budget.—The excess of receipts from the public in 1960 differs from the budget surplus primarily because (1) budget expenditures for accrued interest on savings bonds exceed the interest paid out on redeemed bonds, and (2) trust fund receipts exceed trust fund expenditures. As in the budget, income taxes provide the largest portion of cash receipts from the public and cash payments to the public for major national security far exceed payments for any other function.

Federal receipts from and payments to the public exceed comparable budget totals for commerce and housing, primarily because of the highway-related gasoline and fuel taxes credited to, and the expenditures from, the highway trust fund. Similarly, receipts and payments for labor and welfare exceed budget totals substantially, because of the employment taxes and benefit payments of the social security trust funds. For interest, on the other hand, cash payments to the public are considerably smaller than budget outlays, primarily because a large amount, estimated to be \$1.3 billion for 1960, is paid by the Treasury to trust funds on their holdings of public debt securities and does not go to the public directly.

FEDERAL RECEIPTS FROM AND PAYMENTS TO THE PUBLIC COMPARED WITH BUDGET RECEIPTS AND EXPENDITURES FOR 1960

[Estimates. In millions]

Description	Receipts from and payments to the public	Budget receipts and expenditures	Difference
Receipts:			
Individual income taxes.....	\$40,700	\$40,700	-----
Corporation income taxes.....	21,448	21,448	-----
Excise taxes.....	11,851	8,945	\$2,906
Employment taxes.....	11,131	340	10,791
Estate and gift taxes.....	1,415	1,415	-----
Customs.....	900	900	-----
Other receipts.....	6,057	3,352	2,705
Total receipts.....	93,502	77,100	16,402
Payments:			
Major national security.....	45,914	45,805	109
International affairs and finance.....	2,099	2,129	-30
Veterans' services and benefits.....	5,742	5,088	654
Labor and welfare.....	19,056	4,129	14,927
Agriculture and agricultural resources.....	5,875	5,996	-121
Natural resources.....	1,735	1,710	26
Commerce and housing.....	5,579	2,243	3,336
General government.....	2,082	1,735	348
Interest.....	6,250	8,096	-1,846
Allowance for contingencies.....	100	100	-----
Undistributed.....	-1,556	-----	-1,556
Total payments.....	92,875	77,030	15,846
Excess of receipts.....	626	70	556

Federal net cash borrowing from the public.—The amount of Federal net cash borrowing from the public (or net repayment of such borrowing) is affected primarily by the excess of payments to (or receipts from) the public, and also varies with changes made in the Treasury's cash balances. Receipts from the exercise of monetary authority (mostly seigniorage on silver), which are not included in cash receipts from the public, provide a relatively small additional amount of revenue that is available.

FEDERAL GOVERNMENT NET CASH BORROWING FROM THE PUBLIC

[In millions]

Description	1958 actual	1959 estimate	1960 estimate
Excess of Federal payments to (–) or receipts from the public.....	–\$1,520	–\$13,248	\$626
Receipts from exercise of monetary authority.....	59	60	60
Increase (–) or decrease in cash balances.....	–4,299	4,672	-----
Federal cash borrowing (–) or repayment of cash borrowing.....	–5,760	–8,516	686

The figures shown for net cash borrowing from the public include not only the change in Treasury issues of United States Government securities held by the public, but also the change in securities issued to the public by Government agencies and Government-sponsored enterprises. Changes in the public debt that do not represent direct cash borrowing or repayment of borrowing from the public are excluded. Major examples of such non-cash debt transactions are the issuance of United States Government notes and securities to the International Monetary Fund and to the trust funds.

SPECIAL ANALYSIS A—Continued

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC—Continued

CHANGE IN PUBLIC DEBT RECONCILED WITH FEDERAL GOVERNMENT NET CASH BORROWING FROM THE PUBLIC

[In millions]

Description	1958 actual	1959 estimate	1960 estimate
Increase (—) or decrease in public debt ¹	—\$5,816	—\$8,657	-----
Cashings of (—) or investments in United States securities, net:			
Trust funds ²	105	—508	\$810
Public enterprise funds	91	120	146
Government-sponsored enterprises	461	—139	268
Increase (—) or decrease in obligations of Government enterprises held by the public, net:			
Trust funds ²	—340	—240	—485
Public enterprise funds	—227	—37	—71
Government-sponsored enterprises	167	—748	—380
Decrease (—) or increase in public debt from noncash adjustments, net ³	—200	1,693	398
Federal cash borrowing (—) or repayment of cash borrowing	—5,760	—8,516	686

¹ From table 4 in part I of this document.² Includes the Federal National Mortgage Association secondary market operations and (until Jan. 1, 1959) the Federal intermediate credit banks.³ Includes accrued interest and noncash adjustments other than the change in the clearing account.

Coverage.—This analysis presents information on the flow of money between the public and the Federal Government as a whole, representing, in effect, a consolidated cash statement of Federal transactions—other than borrowing—with the public. The public is defined to include individuals, banks, other private corporations and associations, unincorporated businesses, the Federal Reserve System, the Postal Savings System, State and local governments, foreign governments, and international organizations.

Federal cash receipts from and payments to the public include the transactions of trust and deposit funds (which are not fully owned by the Federal Government) as well as the Federal funds included in budget receipts and expenditures. (For a detailed description of the various types of funds see the introductions to part I and part III.) Major intragovernmental transactions which are reported as both expenditures and receipts of the funds being consolidated are eliminated. These major intragovernmental transactions are (1) payments between Federal funds, such as interest paid to the general fund by the Commodity Credit Corporation on its borrowing from the Treasury; (2) payments between Federal funds and trust funds, such as interest paid to the old-age and survivors insurance trust fund by the general fund on United States securities held by the trust fund; and (3) payments between trust funds, such as payments by the old-age and survivors insurance fund to the railroad retirement account.

Receipts of the Government from the exercise of monetary authority (mostly seigniorage on silver) do not represent cash received from the public and are therefore also excluded in this consolidation.

DERIVATION OF FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC

[In millions]

Description	1958 actual	1959 estimate	1960 estimate
FEDERAL RECEIPTS FROM THE PUBLIC			
Budget receipts ¹	\$69,117	\$68,000	\$77,100
Trust fund receipts ²	16,329	17,585	20,477
Less—			
Intragovernmental transactions	3,493	3,874	4,015
Receipts from exercise of monetary authority	59	60	60
Equals: Federal receipts from the public	81,893	81,651	93,502
FEDERAL PAYMENTS TO THE PUBLIC			
Budget expenditures ¹	71,936	80,871	77,030
Trust fund expenditures ²	16,069	18,884	20,259
Government-sponsored enterprise expenditures, net	—629	887	112
Less—			
Intragovernmental transactions	3,493	3,874	4,015
Accrued interest and other noncash expenditures, net	470	1,870	510
Equals: Federal payments to the public	83,413	94,899	92,875
Excess of Federal payments to (—) or receipts from the public	—1,520	—13,248	626

¹ From table 1 in part I of this document.² From table 10 in part III of this document.

In this analysis the net expenditures of five Government-sponsored enterprises—the Federal Deposit Insurance Corporation; the Federal home loan banks; the Federal land banks; the banks for cooperatives; and beginning January 1, 1959, the Federal intermediate credit banks—are estimated from their security transactions. Both their net investment in United States securities and net redemption of their own obligations indicate net receipts from operations, while their net cashing of United States securities and net sales of their own obligations indicate net expenditures. Also included on a net basis in this analysis, but as part of trust fund expenditures, are the transactions of the Federal National Mortgage Association secondary market operations (an additional Government-sponsored enterprise) and, from January 1, 1957, to January 1, 1959, the transactions of the Federal intermediate credit banks.

Budget expenditures, which are on a “checks-issued” basis, include some noncash transactions which are outstanding at the end of the year or are of an accrual nature. In deriving Federal payments to the public, these noncash items are deducted from budget expenditures in the year of accrual of the obligation. They are later included as payments in the year when the payment is made in cash. The major items of this type are (1) United States securities sometimes issued in payment of obligations and their redemption for cash at a later date (an example is the portion of the additional United States subscription to the

SPECIAL ANALYSIS A—Continued

FEDERAL GOVERNMENT RECEIPTS FROM AND PAYMENTS TO THE PUBLIC—Continued

International Monetary Fund scheduled for 1959 represented by United States Treasury notes which will be redeemed in later years), (2) interest currently accruing on savings bonds and the interest which is paid in cash as the bonds are redeemed, and (3) net changes in the clearing accounts for checks, public-debt interest, and related items which are outstanding at the end of each year. In any given year the aggregate of the accruals may be larger or smaller than total disbursements for previously accrued items.

Use and limitations.—Federal Government receipts from and payments to the public data are more comprehensive than the budget data and have particular value in evaluating the impact of Federal transactions on the economy. For example, Federal receipts from the public classified by source indicate the sectors of the economy or the kinds of transactions other than borrowing which provide funds for the Government. Federal payments to the public by function indicate the relative importance of the major Government programs in terms of total cash outlays. The excess of receipts from the public or payments to the public tends to reflect the net impact of Federal financial transactions on the incomes of the public as a whole.

However, the scope and impact of Federal transactions are somewhat understated, because the totals include only the net receipts or spending of wholly owned and of Government-sponsored enterprises. These enterprises receive interest payments, repayments of loans, and other receipts from operations which are deducted from new loans and other disbursements in measuring the net expenditures of the enterprises. Thus, for enterprises whose receipts exceed expenditures, the entry is a negative expenditure. Since the totals of receipts and payments are reduced by equal amounts, the excess of Federal receipts from or payments to the public is not affected.

Users of the data in this analysis should recognize that no single measure can indicate all of the important economic effects of the many Federal financial activities. For example, a rapid expansion in new appropriations and in Government orders could stimulate a rise in business activity long before the authorized funds were paid to the public. Likewise, the enactment of a tax measure or even the expectation of a change in tax rates may affect business planning or activity well before the cash flows between the Federal Government and the public occur. Federal guaranties and insurance of private loans (summarized in special analysis E) may also affect activity in the economy, even though they normally entail only minor Government expenditures. Certain other contractual arrangements, such as the lease purchase of Government buildings, may have economic effects only partially measured by the Government payments made in any one year. Aside from the significance of interest payments to the public, the management of the public debt is a further important factor which has particular impact in the money and credit markets of the economy.

Reconciliation with Treasury cash deposits and withdrawals.—The daily statement of the Treasury presents a consolidated cash statement of Treasury operating trans-

actions similar in general concept to Federal receipts from and payments to the public. However, it is limited in coverage to those transactions affecting the accounts of the Treasurer of the United States.

RECONCILIATION OF FEDERAL GOVERNMENT RECEIPTS FROM THE PUBLIC WITH TREASURY CASH DEPOSITS

[In millions]

Description	1958 actual	1959 estimate	1960 estimate
Federal receipts from the public.....	\$81,893	\$81,651	\$93,502
Receipts from exercise of monetary authority.....	59	60	60
Net difference in actual year due to reporting method.....	141	-----	-----
Equals: Treasury cash deposits.....	82,094	81,711	93,562

RECONCILIATION OF FEDERAL GOVERNMENT PAYMENTS TO THE PUBLIC WITH TREASURY CASH WITHDRAWALS

[In millions]

Description	1958 actual	1959 estimate	1960 estimate
Federal payments to the public.....	\$83,413	\$94,899	\$92,875
Less—			
Payments to the public not reflected in accounts of the Treasurer of the United States (net):			
From cash held outside Treasury ¹	—140	323	-----
From proceeds of sales in the market of agency obligations and United States securities ²	506	-----	-----
Net difference in actual year due to reporting method.....	141	-----	-----
Equals: Cash withdrawals from Treasury.....	83,188	94,577	92,875

¹ Represents increase (—) or decrease in Government agencies' balances outside Treasury.

² Includes only net sales by Government agencies and trust funds which were not reflected in the accounts of the Treasurer of the United States.

Receipts from exercise of monetary authority, since they affect the accounts of the Treasurer, are included in Treasury cash deposits. As indicated earlier, these receipts are omitted from Federal receipts from the public, since they do not represent cash received from the public.

The net difference due to reporting method applies equally in the reconciliation of receipts with deposits and payments with withdrawals. This arises principally from the method used to adjust for checks being cleared. Instead of adjusting receipts and payments separately, the net change in clearing accounts is deducted from payments. This procedure yields an accurate measure of the excess of receipts or payments. However, it still leaves a further adjustment to be made to both receipts and payments to reconcile them with cash deposits and withdrawals in the actual year.

The amounts shown for Federal payments to the public are more inclusive than cash withdrawals because payments by Government agencies from their own cash balances or from accounts in commercial banks are not shown in the Treasurer's account. These payments are measured by net changes in cash held outside the Treasury and by net proceeds realized by Government agencies and trust funds from sales of securities in the open market that were not reflected in the Treasurer's account.

SPECIAL ANALYSIS B

ANALYSIS OF BUDGET RECEIPTS

Estimates based on existing and proposed legislation

This special analysis provides supporting detail for the figures on budget receipts by source which are included in the tables of the budget message and in table 1 of part I.

The estimates of receipts from taxes and customs for the current and ensuing fiscal years are prepared in December of each year by the Treasury Department. In general, the estimates of miscellaneous receipts are prepared by the agencies depositing the receipts in the Treasury.

The estimates are based on the assumption that the expansion in economic activity which resumed in the second quarter of calendar year 1958 and was strongly evident in the third and fourth quarters will continue through the period underlying fiscal year 1960 receipts. It is also assumed for fiscal year 1960 that legislation will be enacted extending corporation income and certain excise tax rates at their present levels for a year beyond June 30, 1959, as recommended by the President.

Detailed estimates of budget receipts under both existing and proposed legislation are contained on pages 936 to 939.

BUDGET RECEIPTS

Budget receipts in the fiscal year 1960 are estimated to be \$77.1 billion, an increase of \$9.1 billion over the amount estimated for the fiscal year 1959 and \$8.0 billion over actual receipts of the fiscal year 1958. Receipts in 1960 are thus estimated to attain a record level, exceeding the previous peak of \$71.0 billion achieved in the fiscal year 1957.

RECEIPTS BY MAJOR SOURCES

Actual receipts for 1958 and estimated receipts for 1959 and 1960 are compared by major sources in the following table. The amount shown for each receipt source is the net amount after deduction of refunds and transfers to trust funds.

Net budget receipts

[In millions]

Source	1958 actual	1959 estimate	1960 estimate	Increase (+) or decrease (-), 1960 over 1959
Individual income taxes.....	\$34,724	\$36,900	\$40,700	+\$3,800
Corporation income taxes.....	20,074	17,000	21,448	+4,448
Excise taxes.....	8,612	8,467	8,945	+478
Employment taxes.....	333	328	340	+12
Estate and gift taxes.....	1,393	1,365	1,415	+50
Taxes not otherwise classified.....	6	9	9	-----
Customs.....	782	840	900	+60
Miscellaneous receipts.....	3,193	3,091	3,343	+252
Net budget receipts.....	69,117	68,000	77,100	+9,100

In the estimates for 1959 and 1960, the individual income tax continues to be, by far, the most important tax source. Revenues from individual income taxes are about double the corporation income tax; together, the two income taxes are estimated to account for more than 80% of receipts in 1960.

The corporation income tax, although producing substantially less revenue than the individual income tax, provides a larger share of the increase in receipts estimated for fiscal 1960. Receipts from the corporation income tax

are estimated to be \$4,448 million greater in 1960 than in 1959 and thus exceed the substantial rise of \$3,800 million estimated for individual income tax receipts. Significant increases in receipts are also estimated for excise taxes and miscellaneous receipts, primarily a nontax source. Some increase is expected from all the major revenue sources in 1960.

The contribution of each tax source to the increase in net budget receipts in 1960 is substantially different when the comparison is made with the last actual year, 1958, instead of with the estimates for 1959. The individual income tax provides almost \$6.0 billion of the total increase of \$8.0 billion estimated for 1960 over actual receipts in 1958, the corporation income tax accounts for \$1.4 billion, excise taxes for \$0.3 billion, and miscellaneous receipts for \$0.2 billion.

Estimated budget receipts for 1960 are \$6.1 billion greater than the peak level of actual receipts reached in the fiscal year 1957. The estimated rise in receipts from the individual income tax accounts for \$5.1 billion or 84% of the total increase. The increase in miscellaneous receipts of \$0.6 billion is next most important. The rise in corporation income tax receipts is less than \$300 million.

Individual income taxes.—Individual income tax receipts in 1958 fell \$896 million from the level of the preceding year. Reflecting the rise in personal incomes which commenced in the second quarter of the calendar year 1958, receipts in the fiscal year 1959 are estimated to rise \$2,176 million over the depressed 1958 level and to rise further by \$3,800 million in fiscal 1960 to a total of \$40,700 million. The 1-year increase of \$3,800 million estimated for 1960 exceeds any year-to-year gain since 1952. But the 2-year rise of \$5,976 million for 1959 and 1960 falls short of the \$6,873 million reached in 1956 and 1957.

Corporation income taxes.—Receipts of corporation income taxes in each fiscal year are determined primarily by corporate profits of the calendar year ending in the fiscal year. Thus receipts in the fiscal year 1959 largely reflect calendar year 1958 profits, and receipts in the fiscal year 1960, calendar year 1959 profits. Corporate profits declined sharply in the fourth quarter of the calendar year 1957 and the first half of the calendar year 1958. Substantial gains have been reported in profits for the third quarter of 1958 and are indicated for the fourth quarter also, but it is expected that the average for the calendar year 1958 will be substantially below the calendar year 1957 average. As a result, corporation income tax receipts are estimated to decrease from \$20,074 million in fiscal 1958 to \$17,000 million in fiscal 1959.

It is estimated that profits in the calendar year 1959 will increase over second half 1958 profits and that the average for 1959 will be substantially greater than the calendar year 1958 average. Receipts in fiscal year 1960 are expected to recoup all of the decrease estimated for fiscal 1959 and to rise to \$21,448 million, thus exceeding the 1959 estimate by \$4,448 million and actual receipts in 1958 by \$1,374 million.

The 1-year gain estimated for fiscal 1960 exceeds the increase for any actual year not affected by legislation. However, comparisons of fiscal years are obscured by variations in the collections data caused by such factors as the acceleration of payments in the 1951-55 period.

SPECIAL ANALYSIS B—Continued

ANALYSIS OF BUDGET RECEIPTS—Continued

Estimates based on existing and proposed legislation—Continued

In terms of the profits on which the taxes are levied, the rebound estimated to occur in calendar year 1959 as compared to 1958 will have been exceeded by the profit recoveries of both calendar years 1950 and 1955.

Excise taxes.—The yield of the excise taxes is shown in the following table:

*Excise tax receipts**[In millions]*

Source	1958 actual	1959 estimate	1960 estimate	Increase (+) or decrease (—), 1960 over 1959
Alcohol taxes.....	\$2,946	\$3,046	\$3,119	+\$73
Tobacco taxes.....	1,734	1,802	1,848	+46
Taxes on documents, other instruments, and playing cards.....	109	117	117	—
Manufacturers' excise taxes.....	3,974	3,907	5,079	+1,172
Retailers' excise taxes.....	342	343	358	+15
Miscellaneous excise taxes.....	1,741	1,421	1,353	—68
Undistributed depository receipts and unapplied collections.....	—33	51	67	+16
Gross excise taxes.....	10,814	10,687	11,941	+1,254
Deduct—				
Refunds of receipts.....	86	89	90	+1
Transfer to highway trust fund.....	2,116	2,130	2,906	+776
Net excise taxes.....	8,612	8,467	8,945	+478

Gross excise taxes, before transfers to the highway trust fund and before refunds, are estimated to amount to \$10,687 million in fiscal year 1959, a decline of \$127 million from actual receipts in 1958. The loss in receipts from the repeal of the taxes on transportation of property and oil by pipeline, \$338 million, and from other legislation of less revenue importance is greater than the overall decline estimated for 1959.

In fiscal year 1960 gross excise taxes are estimated to increase by \$1,254 million over fiscal year 1959, to a total of \$11,941 million. A major part of this increase is due to the proposed increase in the taxes on gasoline and diesel fuel from 3 cents to 4½ cents per gallon effective July 1, 1959, almost all of which accrues to the highway trust fund and which therefore will not affect net budget receipts. Increased net budget receipts will result from the proposed new tax on jet fuel of 4½ cents per gallon effective July 1, 1959, and from the proposal to retain all revenues from the tax on aviation gasoline in the general fund.

A substantial increase in receipts in 1960 is attributable to the assumption that the increase in business activity which started in 1958 will continue throughout the period affecting 1960 receipts. Receipts from the tax on passenger automobiles are estimated to increase substantially in the fiscal year 1960 as automobile sales in the calendar years 1959 and 1960 are expected to surpass very appreciably the greatly reduced level of calendar year 1958. Moderate gains are expected in the revenue from the alcohol and tobacco tax groups and from telephone taxes. Increases, some of which are substantial on a relative basis, are estimated for virtually all taxes where revenues are not adversely affected by legislation. The full year effect of the repeal of the taxes on transportation of property and oil by pipeline, effective August 1, 1958, causes, in addition to the \$338 million decline from 1958 to 1959, a further decline of \$160 million in fiscal 1960.

Other legislation is responsible for less important declines in revenue.

On a net basis after deductions for transfers to the highway trust fund and for refunds, net excise taxes are estimated to show a relatively small decline of \$145 million in fiscal 1959, but then rise by \$478 million to \$8,945 million in fiscal year 1960.

Employment taxes.—The yield of the employment taxes is shown in the following table:

*Employment tax receipts**[In millions]*

Source	1958 actual	1959 estimate	1960 estimate	Increase (+) or decrease (—), 1960 over 1959
Federal Insurance Contributions Act and Self-Employment Contributions Act.....	\$7,733	\$8,224	\$10,216	+\$1,992
Railroad Retirement Tax Act.....	575	560	575	+15
Federal Unemployment Tax Act.....	336	332	344	+12
Gross employment taxes.....	8,644	9,116	11,135	+2,019
Deduct—				
Refunds of receipts.....	4	4	4	—
Transfers to Federal old-age and survivors insurance trust fund.....	6,870	7,354	9,276	+1,922
Transfer to Federal disability insurance trust fund.....	863	870	940	+70
Transfer to railroad retirement account.....	575	560	575	+15
Net employment taxes.....	333	328	340	+12

Receipts from the Federal Insurance Contributions Act and the Self-Employment Contributions Act are estimated to increase by \$491 million to \$8,224 million in fiscal year 1959 partly because of an estimated increase in the level of taxable wages but principally because of the increase in the tax rate of ¼% each on employers and employees and the increase in the maximum amount taxable from \$4,200 to \$4,800 effective January 1, 1959. In fiscal 1960 an increase of \$1,992 million is estimated as a result of higher income levels, the full-year effect of the January 1, 1959, changes in law, and the part-year effect of a further increase in the tax rate of ½% each on employers and employees effective January 1, 1960.

Small declines and recoveries in 1959 and 1960, respectively, are estimated for receipts from the Railroad Retirement Tax Act and the Federal Unemployment Tax Act.

Estate and gift taxes.—Receipts are expected to decline somewhat in 1959 and then to increase in 1960. Because of the length of time after date of death permitted in the filing of estate tax returns, receipts do not immediately reflect changes in security and other asset values.

Customs.—Customs receipts are estimated to increase in both 1959 and 1960 as taxable imports increase as a result of expanded business activity.

Miscellaneous receipts.—The increase of \$252 million in miscellaneous receipts estimated for 1960 is attributable for the most part to larger collections of interest on loans and of dividends and other earnings. It includes amounts under proposed legislation to increase charges for Government services which provide special benefits to the recipients.

SPECIAL ANALYSIS B—Continued

ANALYSIS OF BUDGET RECEIPTS—Continued

Estimates based on existing and proposed legislation—Continued

REFUNDS

The net budget receipts by source in the first table of this analysis are shown after deduction of transfers to trust funds and refunds of receipts. Details on the transfers to trust funds are shown in the preceding tables on excise and employment tax receipts. Refunds of receipts are summarized in the following table:

Refunds of receipts

[In millions]

Type	1958 actual	1959 estimate	1960 estimate	Increase (+) or de- crease (—), 1960 over 1959
Individual income taxes.....	\$3,845	\$3,900	\$4,300	+\$400
Corporation income taxes.....	459	650	600	—50
Excise taxes.....	86	89	90	+1
Employment taxes.....	4	4	4	—
Estate and gift taxes.....	18	15	15	—
Taxes not otherwise classified.....	1	1	1	—
Customs.....	18	18	18	—
Miscellaneous receipts.....	2	3	2	—1
Total refunds.....	4,433	4,680	5,029	+349

Budget receipts by source before deduction of refunds of receipts and transfers to trust funds are shown below:

Budget receipts by source before deducting transfers to trust funds and refunds of receipts

[In millions]

Source	1958 actual	1959 estimate	1960 estimate	Increase (+) or de- crease (—), 1960 over 1959
Individual income taxes.....	\$38,569	\$40,800	\$45,000	+\$4,200
Corporation income taxes.....	20,533	17,650	22,048	+4,398
Excise taxes.....	10,814	10,687	11,941	+1,254
Employment taxes.....	8,644	9,116	11,135	+2,019
Estate and gift taxes.....	1,411	1,380	1,430	+50
Taxes not otherwise classified.....	7	10	10	—
Customs.....	800	858	918	+60
Miscellaneous receipts.....	3,196	3,094	3,345	+251
Subtotal.....	83,974	83,594	95,826	+12,232
Deduct—				
Transfers to trust funds.....	10,424	10,914	13,697	+2,783
Refunds of receipts.....	4,433	4,680	5,029	+349
Net budget receipts.....	69,117	68,000	77,100	+9,100

SPECIAL ANALYSIS B—Continued

BUDGET RECEIPTS

BY SOURCE

Based on existing and proposed legislation

[In thousands]

Source	1958 actual	1959 estimate	1960 estimate
Individual income taxes:			
Withheld.....	\$27,040,911	\$28,700,000	\$31,900,000
Other.....	11,527,648	12,100,000	13,100,000
Gross individual income taxes.....	38,568,559	40,800,000	45,000,000
Less refunds.....	3,844,766	3,900,000	4,300,000
Net individual income taxes.....	34,723,792	36,900,000	40,700,000
Corporation income taxes:			
Under existing legislation.....	20,533,316	17,650,000	21,048,000
Under proposed legislation.....			1,000,000
Gross corporation income taxes under existing and proposed legislation.....	20,533,316	17,650,000	22,048,000
Less refunds.....	459,212	650,000	600,000
Net corporation income taxes under existing and proposed legislation.....	20,074,104	17,000,000	21,448,000
Excise taxes:			
Alcohol taxes:			
Under existing legislation:			
Distilled spirits (domestic and imported).....	2,054,184	2,140,000	2,060,000
Beer.....	757,597	760,000	687,000
Rectification tax.....	22,103	23,000	23,000
Wines (domestic and imported).....	90,303	92,000	86,000
Special taxes in connection with liquor occupations.....	22,274	31,000	22,000
Total alcohol taxes under existing legislation.....	2,946,461	3,046,000	2,878,000
Under proposed legislation.....			241,000
Total alcohol taxes under existing and proposed legislation.....	2,946,461	3,046,000	3,119,000
Tobacco taxes:			
Under existing legislation:			
Cigarettes (small).....	1,668,201	1,735,000	1,575,000
Tobacco (chewing and smoking).....	14,393	14,000	14,000
Cigars (large).....	47,208	48,700	49,700
Snuff.....	3,468	3,500	3,500
Cigarette papers and tubes.....	700	700	700
All other.....	51	100	100
Total tobacco taxes under existing legislation.....	1,734,021	1,802,000	1,643,000
Under proposed legislation.....			205,000
Total tobacco taxes under existing and proposed legislation.....	1,734,021	1,802,000	1,848,000
Taxes on documents, other instruments, and playing cards:			
Issues of securities, stock, and bond transfers, and deeds of conveyance.....	102,141	109,500	109,500
Playing cards.....	7,286	7,400	7,400
Silver bullion sales or transfers.....	25	100	100
Total taxes on documents, other instruments, and playing cards.....	109,452	117,000	117,000
Manufacturers' excise taxes:			
Under existing legislation:			
Gasoline.....	1,636,629	1,689,000	1,735,000
Lubricating oils.....	69,996	72,000	74,000
Passenger automobiles.....	1,170,003	1,060,000	985,000
Automobile trucks, buses, and trailers.....	206,104	194,000	228,000
Parts and accessories for automobiles.....	166,720	165,000	120,000
Tires, inner tubes, and tread rubber.....	259,820	261,000	276,000
Electric, gas, and oil appliances.....	61,400	61,000	74,000
Electric light bulbs.....	24,936	27,000	29,000
Radio and television receiving sets, phonographs, phonograph records, and musical instruments.....	179,338	175,000	210,000
Mechanical refrigerators, quick-freeze units, and self-contained air-conditioning units.....	39,379	34,000	41,000
Business and store machines.....	90,658	97,000	112,000
Photographic equipment.....	22,546	23,000	26,000
Matches.....	5,111	6,000	6,000
Sporting goods, including fishing rods, creels, etc.....	16,249	18,000	20,000
Firearms, shells, and cartridges.....	14,617	14,000	15,000

SPECIAL ANALYSIS B—Continued

BUDGET RECEIPTS—Continued

BY SOURCE—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Source	1958 actual	1959 estimate	1960 estimate
Excise taxes—Continued			
Manufacturers' excise taxes—Continued			
Under existing legislation—Continued			
Pistols and revolvers.....	\$1,568	\$2,000	\$2,000
Fountain and ball-point pens, mechanical pencils.....	9,060	9,000	10,000
Total manufacturers' excise taxes under existing legislation.....	3,974,135	3,907,000	3,963,000
Under proposed legislation.....			1,116,000
Total manufacturers' excise taxes under existing and proposed legislation.....	3,974,135	3,907,000	5,079,000
Retailers' excise taxes:			
Jewelry.....	156,134	152,000	158,000
Furs.....	28,544	29,000	30,000
Toilet preparations.....	98,158	104,000	110,000
Luggage, handbags, wallets, etc.....	58,785	58,000	60,000
Total retailers' excise taxes.....	341,621	343,000	358,000
Miscellaneous excise taxes:			
Under existing legislation:			
Toll telephone service, telegraph and teletypewriter service, wire mileage service, etc.....	279,375	290,000	315,000
General telephone service.....	370,810	400,000	430,000
Transportation of oil by pipeline.....	35,143	10,000	-----
Transportation of persons.....	225,809	215,000	235,000
Transportation of property.....	462,989	150,000	-----
Diesel fuel, including special motor fuels.....	46,061	49,000	57,000
Use tax on certain vehicles.....	33,117	34,000	35,000
Admissions, exclusive of cabarets, roof gardens, etc.....	54,683	47,000	30,000
Cabarets, roof gardens, etc.....	42,919	43,000	43,000
Wagering taxes, including occupational taxes.....	6,939	7,000	7,000
Club dues and initiation fees.....	60,338	63,000	65,000
Leases of safe deposit boxes.....	6,137	6,000	6,000
Coconut and other vegetable oils, processed.....	9,383	1,000	-----
Sugar tax.....	85,911	86,000	86,000
Coin-operated amusement and gaming devices.....	17,513	16,000	17,000
Bowling alleys and billiard and pool tables.....	3,139	3,000	3,000
All other miscellaneous excise taxes.....	1,063	1,000	1,000
Total miscellaneous excise taxes under existing legislation.....	1,741,327	1,421,000	1,330,000
Under proposed legislation.....			23,000
Total miscellaneous excise taxes under existing and proposed legislation.....	1,741,327	1,421,000	1,353,000
Undistributed depositary receipts and unapplied collections.....	-32,749	50,507	66,600
Gross excise taxes under existing legislation.....	10,814,268	10,686,507	10,355,600
Less refunds.....	86,318	89,407	297,500
Less transfer to highway trust fund.....	2,116,028	2,130,000	2,217,000
Net excise taxes under existing legislation.....	8,611,921	8,467,100	7,841,100
Rate extensions and increases under proposed legislation.....			1,585,000
Reduction in refunds under proposed legislation.....			208,000
Increase in transfer to highway trust fund under proposed legislation.....			689,000
Net excise taxes under existing and proposed legislation.....	8,611,921	8,467,100	8,945,100
Employment taxes:			
Federal Insurance Contributions Act and Self-Employment Contributions Act.....	7,733,223	8,224,000	10,216,000
Railroad Retirement Tax Act.....	575,282	560,000	575,000
Federal Unemployment Tax Act.....	335,880	332,000	344,000
Gross employment taxes.....	8,644,386	9,116,000	11,135,000
Less refunds.....	3,618	4,100	4,100
Less transfers to—			
Federal old-age and survivors insurance trust fund.....	6,870,362	7,354,000	9,276,000
Federal disability insurance trust fund.....	862,862	870,000	940,000
Railroad retirement account.....	574,899	560,000	575,000
Net employment taxes.....	332,645	327,900	339,900

SPECIAL ANALYSIS B—Continued

BUDGET RECEIPTS—Continued

BY SOURCE—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Source	1958 actual	1959 estimate	1960 estimate
Gross estate and gift taxes	\$1,410,925	\$1,380,000	\$1,430,000
Less refunds.....	18,007	15,000	15,000
Net estate and gift taxes.....	1,392,918	1,365,000	1,415,000
Gross taxes not otherwise classified	7,024	9,600	9,600
Less refunds.....	682	600	600
Net taxes not otherwise classified.....	6,342	9,000	9,000
Gross customs	799,505	858,000	918,000
Less refunds.....	17,838	18,000	18,000
Net customs.....	781,667	840,000	900,000
Miscellaneous receipts:			
Under existing legislation:			
Miscellaneous taxes.....	4,356	4,528	4,528
Seigniorage.....	59,475	60,125	59,965
Coinage.....	519	768	603
Fees for permits and licenses:			
Admission permits and fees.....	5,018	5,199	5,608
Business concessions.....	7,321	7,974	8,242
Immigration, passport, and consular fees.....	17,406	18,638	20,438
Patent and copyright fees.....	7,874	8,170	11,390
Registration and filing fees.....	3,757	3,330	3,335
Miscellaneous fees for permits and licenses.....	11,452	11,896	15,057
Total fees for permits and licenses.....	52,827	55,207	64,070
Fines, penalties, and forfeitures:			
Fines, penalties, and forfeitures, agricultural laws.....	16,032	10,947	9,485
Fines, penalties, and forfeitures, emergency war laws.....	131	60	54
Fines, penalties, and forfeitures, immigration and labor laws.....	442	442	442
Fines, penalties, and forfeitures, customs, commerce, and antitrust laws.....	2,339	2,224	2,262
Fines, penalties, and forfeitures, narcotic, prohibition, and alcohol laws.....	90	74	79
Forfeitures, unclaimed money and property.....	599	409	408
Miscellaneous fines, penalties, and forfeitures.....	3,217	3,217	2,842
Total fines, penalties, and forfeitures.....	22,849	17,373	15,572
Gifts and contributions:			
Contributions to "conscience fund".....	88	79	79
Gifts to the United States.....	278	211	211
Total gifts and contributions.....	365	290	290
Interest:			
Interest on loans, Government corporations and enterprises.....	474,055	218,156	454,881
Interest on securities and advances of Government corporations.....	129,072	160,337	198,709
Interest on loans to individual and private organizations.....	428	229	179
Interest on loans, foreign governments.....	97,937	190,162	194,384
Interest on loans, States, municipalities, and other public bodies.....	149	312	354
Miscellaneous interest collections.....	42,977	57,269	61,908
Total interest.....	744,617	626,465	910,415
Dividends and other earnings:			
Earnings from Government-owned enterprises.....	1		
Earnings from Government-sponsored enterprises.....	670,975	486,408	589,410
Miscellaneous dividends and earnings.....	3,008	3,010	3,463
Total dividends and other earnings.....	673,983	489,418	592,878
Rents:			
Rent of land.....	14,438	32,049	32,114
Rent of buildings and grounds.....	24,353	25,139	24,877
Rent of equipment and facilities.....	43,772	52,481	57,124
Total rents.....	82,563	109,669	114,115

SPECIAL ANALYSIS B—Continued

BUDGET RECEIPTS—Continued

BY SOURCE—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Source	1958 actual	1959 estimate	1960 estimate
Miscellaneous receipts—Continued			
Under existing legislation—Continued			
Royalties:			
Royalties on minerals and other natural resources.....	\$90,247	\$100,725	\$109,600
Royalties on patents and copyrights.....	22	19	14
Total royalties.....	90,269	100,744	109,614
Sale of products:			
Sale of agriculture products, livestock and livestock products.....	212	194	194
Sale of timber, wildlife, and other natural land products.....	116,524	145,347	155,400
Sale of minerals and mineral products.....	14,913	14,510	14,510
Sale of power and other utilities.....	152,373	148,986	157,258
Sale of publications and reproductions.....	4,006	4,315	4,510
Sale of scrap, salvage, and waste (byproducts).....	5,714	6,176	6,175
Sale of miscellaneous products.....	9,647	11,710	11,279
Total sale of products.....	303,387	331,238	349,326
Fees and other charges for services:			
Fees and other charges for accounting, legal, and judicial services.....	3,921	4,141	4,230
Fees and other charges for communication and transportation services.....	6,848	7,376	7,806
Fees and other charges for quarters, subsistence, laundry, and health services.....	7,321	7,249	7,289
Fees and other charges for testing, inspection, and grading services.....	4,687	4,302	4,372
Fees and other charges for administrative, professional, and scientific services.....	4,132	4,625	4,486
Fees and other charges for miscellaneous services.....	14,148	9,287	10,208
Total fees and other charges for services.....	41,059	36,980	38,391
Sale of Government property:			
Sale of public land and buildings.....	18,043	21,780	24,153
Sale of surplus Government property.....	172,662	163,247	157,876
Sale of other Government property.....	154,385	154,919	166,274
Total sale of Government property.....	345,091	339,946	348,303
Realization upon loans and investments:			
Repayment of capital investment, Government-owned enterprises.....	3,430	3,050	3,130
Repayment of capital investment, Government-sponsored enterprises.....	4,832	4,800	1,000
Repayment of loans, foreign governments.....	25,199	120,129	109,347
Repayment of loans, States, municipalities, and other public bodies.....	241	779	842
Repayment of loans, individuals and private organizations.....	287,614	291,144	311,009
Proceeds from sale of securities, stocks, and collateral.....	1,151	1,184	1,217
Repayments upon other loans and investments.....	398	401	401
Total realization upon loans and investments.....	322,866	421,487	426,946
Recoveries and refunds:			
Compensation for Government property lost or damaged.....	7,571	8,759	9,750
War reparations and recoveries under military occupation.....	2,305	5	5
Recoveries of excess profits and costs.....	43,385	45,041	36,643
Recoveries under foreign aid programs.....	217,991	181,040	109,346
Miscellaneous recoveries and refunds.....	180,038	264,810	139,040
Total recoveries and refunds.....	451,293	499,655	294,784
Gross miscellaneous receipts under existing legislation.....	3,195,519	3,093,893	3,329,800
Under proposed legislation.....			15,000
Gross miscellaneous receipts under existing and proposed legislation.....	3,195,519	3,093,893	3,344,800
Less refunds.....	2,191	2,893	1,800
Net miscellaneous receipts under existing and proposed legislation.....	3,193,328	3,091,000	3,343,000
Net budget receipts.....	69,116,717	68,000,000	77,100,000

SPECIAL ANALYSIS C

ANALYSIS OF BUDGET BY FUNCTION AND AGENCY

This special analysis gives the details for the functional breakdown of new obligational authority and budget expenditures used in the budget message and in some of the tables of part I.

For each function and subfunction, data are listed by agencies. In order to find the appropriation items which make up the amounts shown for the agency, it is necessary to look in the chapter summary for that agency. Each entry in the chapter summary is coded to indicate the subfunction in which it is classified.

For purposes of this classification each appropriation account and each revolving and management fund is treated as a unit. Exceptions are made, and accounts are split into two or more categories, in only selected cases. This necessarily involves some close decisions in borderline cases, and it means that programs with secondary significance for some major functions will be included in another category because another objective predominates in the particular appropriation. Thus, to

secure a comprehensive total of all Government programs related to education, for example, it would be necessary to provide a special tabulation, counting in this category some appropriations which might also be relevant to other categories.

Whereas this special analysis presents both authorizations and expenditures for major functions, subfunctions, and agencies over a 3-year period, special analysis L shows expenditures for the major functions and subfunctions over a 10-year period. Special analysis A shows Federal Government payments to the public, classified by major function. The functional categories are also used in the analyses summarizing Federal activities in public works and other construction, Federal aid to State and local governments, and Federal research and development programs.

The allowance for contingencies constitutes an additional entry in the tabulations for the years 1959 and 1960.

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET
BY FUNCTION AND AGENCY

Based on existing and proposed legislation

[In thousands]

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
MAJOR NATIONAL SECURITY						
061 Military defense:						
Department of Defense—Military Functions.....	\$36,746,546	\$41,137,551	\$40,850,000	\$39,061,838	\$40,800,000	\$40,945,000
066 Development and control of atomic energy:						
Independent offices: Atomic Energy Commission.....	2,361,912	2,723,275	2,771,500	2,268,014	2,630,000	2,745,000
067 Stockpiling and defense production expansion:						
Funds appropriated to the President.....		325,000		440,754	287,841	214,999
General Services Administration.....		3,000		184,224	90,000	50,000
Total, stockpiling and defense production expansion.....		328,000		624,978	377,841	264,999
068 Military assistance:						
Funds appropriated to the President.....	1,340,000	1,515,000	1,600,000	2,187,482	2,312,201	1,850,000
Total, major national security.....	40,448,458	45,703,826	45,221,500	44,142,312	46,120,042	45,804,999
Enacted or recommended in this document.....	40,448,458	45,084,626	41,908,800	44,142,312	45,842,313	45,133,767
Proposed for later transmission.....		619,200	3,312,700		277,729	671,232
INTERNATIONAL AFFAIRS AND FINANCE						
151 Conduct of foreign affairs:						
Independent offices: Tariff Commission.....	1,768	1,967	2,035	1,712	2,020	2,032
General Services Administration.....		3,750			1,500	2,200
Department of State.....	181,526	221,120	204,291	174,620	242,021	212,015
Total, conduct of foreign affairs.....	183,294	226,837	206,326	176,332	245,541	216,247
152 Economic and technical development:						
Funds appropriated to the President.....	1,424,183	2,001,029	2,330,000	1,423,750	1,568,607	1,647,803
Independent offices: Export-Import Bank of Washington.....	2,000,000			339,826	242,636	-6,089
General Services Administration.....				347	-19	100
Department of Agriculture.....	220,245	119,270	104,508	121,446	105,834	94,395
Department of Commerce.....	12,000	10,000		19,890	24,000	21,000
Department of Defense—Civil Functions.....	4,036	13,462	6,282	2,703	3,720	9,400
Department of State.....	1,500		4,500	1,047	1,241	1,424
Treasury Department.....		4,550,000		1	1,375,000	
Total, economic and technical development.....	3,661,964	6,693,761	2,445,290	1,909,010	3,321,019	1,768,033
153 Foreign information and exchange activities:						
Funds appropriated to the President.....	15,168	6,411	7,100	16,251	9,041	6,805
Independent offices: United States Information Agency.....	97,617	119,147	126,700	108,664	107,264	114,069
Department of State.....	24,835	23,529	23,934	23,675	24,665	23,606
Total, foreign information and exchange activities.....	137,620	149,087	157,734	148,590	140,970	144,480
Total, international affairs and finance.....	3,982,878	7,069,685	2,809,350	2,233,932	3,707,530	2,128,760
Enacted or recommended in this document.....	3,982,878	2,124,460	472,100	2,233,932	2,292,559	1,497,875
Proposed for later transmission.....		4,945,225	2,337,250		1,414,971	630,885
VETERANS' SERVICES AND BENEFITS						
101 Veterans' education and training:						
Independent offices: Veterans Administration.....	721,638	595,827	481,073	698,832	619,316	490,073
102 Other veterans' readjustment benefits:						
Independent offices: Veterans Administration.....	92,409	105,473	106,927	92,424	105,382	107,368
Department of Labor.....	75,549	44,000	8,000	75,278	44,000	8,000
Total, other veterans' readjustment benefits.....	167,958	149,473	114,927	167,702	149,382	115,368
103 Veterans' compensation and pensions:						
Independent offices: Veterans Administration.....	3,082,250	3,252,500	3,307,000	3,104,494	3,256,818	3,307,000
104 Veterans' insurance and servicemen's indemnities:						
Independent offices: Veterans Administration.....	46,203	51,760	53,655	43,095	43,510	48,513
105 Veterans' hospitals and medical care:						
Independent offices: Veterans Administration.....	878,338	897,807	915,809	855,915	930,083	945,777

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET—Continued
BY FUNCTION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
VETERANS' SERVICES AND BENEFITS—Continued						
106 Other veterans' services and administration:						
Independent offices:						
American Battle Monuments Commission.....	\$2,500	\$1,275	\$1,295	\$3,512	\$3,750	\$3,300
Veterans Administration.....	164,871	168,156	170,676	144,064	187,418	169,141
Department of Defense—Civil Functions.....	6,878	7,537	9,000	7,437	7,401	8,201
Department of Labor.....	563	588	592	523	601	586
Total, other veterans' services and administration.....	174,812	177,556	181,563	155,536	199,173	181,231
Total, veterans' services and benefits.....	5,071,199	5,121,923	5,051,027	5,025,574	5,198,282	5,087,962
Enacted or recommended in this document.....	5,071,199	5,002,933	5,049,027	5,025,574	5,079,062	5,080,192
Proposed for later transmission.....		121,990	5,000		119,220	7,770
LABOR AND WELFARE						
211 Labor and manpower:						
Independent offices:						
Federal Coal Mine Safety Board of Review.....	70	70	70	52	70	70
Federal Mediation and Conciliation Service.....	3,674	3,949	3,949	3,507	4,098	3,910
National Labor Relations Board.....	9,749	13,274	14,230	9,442	12,585	13,000
National Mediation Board.....	1,295	1,347	1,357	1,233	1,356	1,392
National Security Training Commission.....				2		
Selective Service System.....	27,470	29,915	30,650	26,648	30,500	29,415
Department of the Interior.....	6,696	6,387	6,387	5,708	6,400	6,450
Department of Labor.....	988,453	363,260	369,555	371,617	771,687	364,610
Treasury Department.....	39,532		5,612	39,532		5,612
Total, labor and manpower.....	1,076,339	418,202	431,810	457,741	826,696	425,059
212 Public assistance:						
Department of Health, Education, and Welfare.....	1,769,457	1,977,309	2,037,967	1,797,120	1,987,456	2,022,143
213 Promotion of public health:						
Independent offices: Interstate Commission on the Potomac River Basin.....	5	5	5	5	5	5
General Services Administration.....	2,000	1,020		6,236	4,500	3,000
Department of Health, Education, and Welfare.....	629,876	822,089	664,522	540,069	664,611	674,944
Total, promotion of public health.....	631,881	823,114	664,527	546,310	669,116	677,949
214 Promotion of education:						
Independent offices: National Science Foundation.....	20,398	66,173	66,599	14,872	51,118	59,512
Department of Health, Education, and Welfare.....	284,615	356,367	394,030	245,746	325,550	361,945
Department of the Interior.....	57,357	60,540	58,958	54,269	59,585	57,300
Total, promotion of education.....	362,370	483,080	519,587	314,887	436,253	478,757
215 Promotion of science, research, libraries, and museums:						
Legislative branch.....	9,341	10,945	11,202	9,250	11,326	10,981
Funds appropriated to the President.....		5,100			1,400	1,600
Independent offices:						
National Science Foundation.....	31,351	72,327	93,701	34,849	60,023	80,488
Smithsonian Institution.....	8,579	9,521	9,552	7,044	13,598	23,707
Department of Commerce.....	22,704	40,387	120,484	16,415	40,649	105,490
Department of Health, Education, and Welfare.....	5,000	6,000	5,150	4,892	5,650	6,000
Total, promotion of science, research, libraries, and museums.....	76,975	144,280	210,089	72,450	132,646	228,266
216 Correctional and penal institutions:						
Department of Justice.....	37,062	42,320	58,975	33,000	41,089	45,351
217 Other welfare services and administration:						
Legislative branch.....	1,206	1,368	1,619	1,160	1,446	1,549
Department of Agriculture.....	145,587	202,045	166,731	166,720	217,901	174,891
Department of Health, Education, and Welfare.....	60,241	66,037	74,240	57,196	67,430	74,784
Total, other welfare services and administration.....	207,034	269,450	242,590	225,076	286,777	251,224
Total, labor and welfare.....	4,161,118	4,157,755	4,195,545	3,447,484	4,380,033	4,128,749
Enacted or recommended in this document.....	4,161,118	3,884,353	4,195,545	3,447,484	4,149,854	4,091,608
Proposed for later transmission.....		273,402			230,179	37,141

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET—Continued

BY FUNCTION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
AGRICULTURE AND AGRICULTURAL RESOURCES						
351 Stabilization of farm prices and farm income:						
Department of Agriculture.....	\$4, 974, 401	\$3, 852, 084	\$3, 608, 918	\$3, 151, 166	\$5, 386, 056	\$4, 489, 735
352 Financing farm ownership and operation:						
Independent offices: Farm Credit Administration.....	1, 922	2, 125	2, 125	-3, 452	3, 772	1, 609
Department of Agriculture.....	239, 714	244, 200	204, 300	242, 093	247, 269	194, 289
Total, financing farm ownership and operation.....	241, 636	246, 325	206, 425	238, 641	251, 041	195, 898
353 Financing rural electrification and rural telephones:						
Department of Agriculture.....	248, 056	419, 132	224, 632	296, 892	324, 855	334, 603
354 Conservation and development of agricultural land and water resources:						
Department of Agriculture.....	509, 861	587, 284	730, 917	448, 139	514, 476	674, 607
355 Research, and other agricultural services:						
Independent offices: Commission on Increased Industrial Use of Agricultural Products.....				9		
Department of Agriculture.....	282, 829	309, 018	294, 276	254, 607	298, 536	300, 824
Total, research, and other agricultural services.....	282, 829	309, 018	294, 276	254, 616	298, 536	300, 824
Total, agriculture and agricultural resources	6, 256, 783	5, 413, 843	5, 065, 168	4, 389, 454	6, 774, 964	5, 995, 667
Enacted or recommended in this document.....	6, 256, 783	4, 173, 081	4, 490, 168	4, 389, 454	6, 753, 099	5, 863, 256
Proposed for later transmission.....		1, 240, 762	575, 000		21, 865	132, 411
NATURAL RESOURCES						
401 Conservation and development of land and water resources:						
Independent offices:						
Federal Power Commission.....	5, 883	7, 121	7, 478	5, 572	7, 280	7, 464
River Basin Study Commissions.....		400	1, 600		350	1, 500
Saint Lawrence Seaway Development Corporation.....	35, 000			48, 323	17, 100	4, 200
Tennessee Valley Authority.....	13, 317	216, 850	15, 286	37, 766	47, 999	25, 378
Department of Defense—Civil Functions.....	638, 651	809, 808	864, 848	699, 271	725, 156	815, 320
Department of the Interior.....	324, 261	422, 348	387, 354	342, 387	403, 865	384, 099
Department of State.....	3, 720	4, 779	3, 733	5, 176	7, 071	4, 206
Total, conservation and development of land and water resources.....	1, 020, 832	1, 461, 306	1, 280, 299	1, 138, 495	1, 208, 821	1, 242, 167
402 Conservation and development of forest resources:						
Department of Agriculture.....	175, 359	183, 570	180, 174	163, 688	183, 336	173, 652
Department of the Interior.....	10, 131	11, 048	12, 052	10, 131	11, 048	12, 052
Total, conservation and development of forest resources.....	185, 490	194, 618	192, 226	173, 819	194, 384	185, 704
403 Conservation and development of mineral resources:						
Department of the Interior.....	59, 823	81, 558	67, 764	58, 833	77, 636	77, 723
404 Conservation and development of fish and wildlife:						
Department of Defense—Civil Functions.....	23	26	26	21	26	26
Department of the Interior.....	63, 274	60, 888	68, 055	58, 117	67, 203	67, 880
Department of State.....	1, 648	1, 664	1, 754	1, 617	1, 668	1, 750
Total, conservation and development of fish and wildlife.....	64, 945	62, 578	69, 835	59, 755	68, 897	69, 656
405 Recreational use of natural resources:						
Independent offices.....	17	420	1, 100	17	371	1, 000
Department of the Interior.....	77, 162	84, 110	80, 190	68, 807	96, 964	82, 396
Total, recreational use of natural resources.....	77, 179	84, 530	81, 290	68, 824	97, 335	83, 396
409 General resource surveys and administration:						
Department of the Interior.....	47, 273	58, 573	52, 381	43, 440	61, 065	50, 977
Total, natural resources	1, 455, 542	1, 943, 163	1, 743, 795	1, 543, 166	1, 708, 138	1, 709, 623
Enacted or recommended in this document.....	1, 455, 542	1, 699, 771	1, 741, 095	1, 543, 166	1, 669, 310	1, 682, 659
Proposed for later transmission.....		243, 392	2, 700		38, 828	26, 964

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET—Continued
BY FUNCTION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

(In thousands)

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
COMMERCE AND HOUSING						
511 Promotion of water transportation:						
Department of Commerce.....	\$121,832	\$290,086	\$278,816	\$173,714	\$212,436	\$232,059
Department of Defense—Civil Functions.....	750	19,250		-1,065	12,596	5,289
Treasury Department.....	224,421	240,550	260,300	218,929	238,038	250,341
Total, promotion of water transportation.....	347,003	549,886	539,116	391,578	463,070	487,689
512 Provision of highways:						
Department of Commerce.....	38,000	36,000		31,229	36,139	3,100
513 Promotion of aviation and space flight:						
Independent offices:						
Civil Aeronautics Board.....	37,228	58,835	62,618	35,070	58,435	62,618
Federal Aviation Agency.....	405,636	565,884	602,400	276,533	466,362	560,000
National Aeronautics and Space Administration.....	117,276	350,532	485,300	89,193	153,000	280,000
Department of Commerce.....					-34	3
Total, promotion of aviation.....	560,140	975,251	1,150,318	403,796	677,763	902,621
514 Postal service:						
Post Office Department.....	908,000	557,894	1,172,000	673,992	751,723	1,109,600
515 Community development and facilities:						
General Services Administration.....				3	58	
Housing and Home Finance Agency.....	356,275	210,250	260,250	70,837	111,209	141,764
Department of Health, Education, and Welfare.....				13	42	
Department of the Interior.....	6,000	5,300		7,544	7,695	3,000
Total, community development and facilities.....	362,275	215,550	260,250	78,397	119,004	144,764
516 Public housing programs:						
Independent offices: National Capital Housing Authority.....	38	38	45	38	38	45
Housing and Home Finance Agency.....	110,655	125,660	137,000	51,406	92,593	92,985
Total, public housing programs.....	110,693	125,698	137,045	51,444	92,631	93,030
517 Other aids to housing:						
Independent offices:						
Federal Home Loan Bank Board.....				-38,318	-42,522	-47,279
Veterans Administration.....	49,571	150,000	150,000	158,909	143,941	99,984
Housing and Home Finance Agency.....	3,198,716	213,345	10,250	76,815	860,346	82,892
Department of Agriculture.....				30,186	63,100	13,000
Total, other aids to housing.....	3,248,287	363,345	160,250	227,592	1,024,865	148,603
518 Other aids to business:						
Legislative branch.....	1,447	1,397	1,478	1,408	1,451	1,463
Independent offices:						
Alaska International Rail and Highway Commission.....	60	240		36	116	100
Atomic Energy Commission.....				-95	-64	-25
Small Business Administration.....	114,322	224,332	200,600	70,969	157,060	163,553
General Services Administration.....				-2,425	-3,395	-3,418
Department of Commerce.....	46,357	48,448	105,275	43,192	53,339	60,479
Department of Defense—Civil Functions.....				8,207	-1,341	-6,929
Department of the Interior.....				4,665	4,600	2,000
Treasury Department.....				-11,213	-6,509	-3,759
Total, other aids to business.....	162,186	274,417	307,353	114,744	205,257	213,464
519 Regulation of commerce and finance:						
Independent offices:						
Civil Aeronautics Board.....	5,711	6,464	7,500	5,359	6,588	7,309
Federal Communications Commission.....	8,734	9,820	11,000	8,349	10,013	10,627
Federal Trade Commission.....	6,186	6,515	6,975	5,917	6,740	6,935
Interstate Commerce Commission.....	17,412	18,824	20,150	16,550	19,559	20,133
Securities and Exchange Commission.....	6,935	7,737	8,275	6,491	7,853	8,200
Department of Commerce.....	3,166	3,197	2,832	3,043	3,260	2,854
Department of Health, Education, and Welfare.....				-12	47	-97
Department of Justice.....	3,912	4,143	4,500	3,735	4,048	4,426
Treasury Department.....				1		
Total, regulation of commerce and finance.....	52,056	56,700	61,232	49,403	58,108	60,378

¹ Includes proposed postal rate increases of \$350,000 thousand.

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET—Continued

BY FUNCTION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
COMMERCE AND HOUSING—Continued						
520 Civil and defense mobilization:						
Executive Office of the President: Office of Civil and Defense Mobilization.....	\$41,555	\$48,285	\$86,970	\$66,046	\$60,121	\$65,000
Treasury Department.....				—146	—159	—157
Total, civil and defense mobilization.....	41,555	48,285	86,970	65,900	59,962	64,843
521 Disaster insurance, loans, and relief:						
Funds appropriated to the President.....	25,000			12,701	11,837	11,500
Independent offices: Small Business Administration.....	8,000	7,000	5,000	7,839	8,337	4,625
Housing and Home Finance Agency.....				47		
Total, disaster insurance, loans, and relief.....	33,000	7,000	5,000	20,587	20,174	16,125
Total, commerce and housing.....	5,863,195	3,210,026	2,879,534	2,108,722	3,508,701	2,243,217
Enacted or recommended in this document.....	5,863,195	2,495,397	2,359,734	2,108,722	3,134,912	2,453,714
Proposed for later transmission.....		714,629	¹ 519,800		373,789	¹ —210,497
GENERAL GOVERNMENT						
601 Legislative functions:						
Legislative branch.....	85,447	96,718	92,436	88,400	104,048	135,537
602 Judicial functions:						
Legislative branch.....	28	30	30	28	30	30
The judiciary.....	44,293	48,478	51,040	43,625	49,210	50,879
Independent offices: Indian Claims Commission.....	178	178	180	162	177	179
General Services Administration.....				232	30	
Total, judicial functions.....	44,499	48,686	51,250	44,047	49,447	51,088
603 Executive direction and management:						
Executive Office of the President.....	9,474	10,162	10,256	9,028	10,080	10,250
Funds appropriated to the President.....	1,000	1,000	1,250	484	1,205	1,165
Independent offices: President's Advisory Commission on Presidential Office Space.....				2		
General Services Administration.....			200			180
Treasury Department.....	1,049	1,245	1,305	970	1,322	1,304
Total, executive direction and management.....	11,523	12,407	13,011	10,484	12,607	12,899
604 Federal financial management:						
Independent offices:						
General Accounting Office.....	37,010	40,100	41,869	35,233	40,677	41,615
Renegotiation Board.....	3,056	3,065	3,000	2,946	3,171	3,007
Tax Court of the United States.....	1,460	1,526	1,535	1,442	1,525	1,529
Treasury Department.....	483,030	506,860	519,930	462,626	520,679	517,062
Total, Federal financial management.....	524,556	551,551	566,334	502,247	566,052	563,213
605 General property and records management:						
Independent offices: Central Intelligence Agency.....				3,622	8,010	14,000
General Services Administration.....	266,538	489,575	257,529	235,761	334,845	359,215
Total, general property and records management.....	266,538	489,575	257,529	239,383	342,855	373,215
606 Central personnel management and employment costs:						
Independent Offices: Civil Service Commission.....	21,431	22,641	22,615	21,116	23,586	22,323
Department of Labor.....	116,942	192,968	192,080	119,218	190,966	188,846
Total, central personnel management and employment costs.....	138,373	215,609	214,695	140,334	214,552	211,169
607 Civilian weather services:						
Independent offices: Advisory Committee on Weather Control.....	100			187	13	
Department of Commerce.....	39,815	45,583	51,855	39,274	48,522	50,966
Total, civilian weather services.....	39,915	45,583	51,855	39,461	48,535	50,966

¹ Includes proposed postal rate increases of \$350,000 thousand.

SPECIAL ANALYSIS C—Continued
ANALYSIS OF THE BUDGET—Continued

BY FUNCTION AND AGENCY—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function and agency	NEW OBLIGATIONAL AUTHORITY			EXPENDITURES		
	1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
GENERAL GOVERNMENT—Continued						
608 Protective services and alien control:						
Independent offices:						
Civil Service Commission.....	\$493	\$493	\$412	\$489	\$490	\$433
Commission on Civil Rights.....		790	788		710	820
Commission on Government Security.....	153			101		
Subversive Activities Control Board.....	375	375	400	327	371	400
Department of Justice.....	194,256	206,410	211,600	191,176	206,851	209,023
Treasury Department.....	7,411	7,833	8,180	7,110	8,080	8,175
Total, protective services and alien control.....	202,688	215,901	221,380	199,203	216,502	218,851
609 Territories and possessions, and the District of Columbia:						
Independent offices:						
District of Columbia Auditorium Commission.....				6		
National Capital Planning Commission.....	1,735	245	4,864	1,224	2,599	2,000
Department of Defense—Civil Functions.....	17,468	21,282	22,030	16,751	21,422	21,919
Department of the Interior.....	11,983	12,477	11,833	11,482	12,034	12,762
Treasury Department.....	18,544	20,012	20,012	18,679	19,812	20,048
District of Columbia.....	32,135	37,361	69,618	24,504	37,907	41,622
Total, Territories and possessions, and the District of Columbia.....	81,865	91,377	128,357	72,646	93,774	98,351
610 Other general government:						
Legislative branch.....	3,234	8,723	3,520	—1,483	944	2,665
Funds appropriated to the President.....			10,500			10,500
Independent offices:						
Commission on International Rules of Judicial Procedure.....		75			10	65
Foreign Claims Settlement Commission.....	570	613	408	460	630	410
Historical and memorial commissions.....	207	481	245	260	528	303
Permanent Committee for the Oliver Wendell Holmes Devise.....	14	50	12	39	67	90
Department of Defense—Civil Functions.....		244		162	344	50
Department of the Interior.....	191	189	189	359	907	204
Treasury Department.....	16,909	20,739	5,002	20,458	21,184	5,002
Total, other general government.....	21,125	31,114	19,876	20,250	24,614	19,289
Total, general government.....	1,416,529	1,798,521	1,616,723	1,356,455	1,672,986	1,734,578
Enacted or recommended in this document.....	1,416,529	1,641,984	1,605,723	1,356,455	1,531,437	1,712,839
Proposed for later transmission.....		156,537	11,000		141,549	21,739
INTEREST						
651 Interest on the public debt:						
Treasury Department.....	7,606,774	7,500,000	8,000,000	7,606,774	7,500,000	8,000,000
652 Interest on refunds of receipts:						
General Services Administration.....		225		218	224	100
Treasury Department.....	73,675	91,776	86,900	73,675	91,776	86,900
Total, interest on refunds of receipts.....	73,675	92,001	86,900	73,893	92,000	87,000
653 Interest on uninvested funds:						
Treasury Department.....	8,397	8,803	9,108	8,397	8,803	9,108
Total, interest.....	7,688,846	7,600,804	8,096,008	7,689,064	7,600,803	8,096,108
Enacted or recommended in this document.....	7,688,846	7,600,579	8,096,008	7,689,064	7,600,728	8,096,008
Proposed for later transmission.....		225			75	100
ALLOWANCE FOR CONTINGENCIES		400,000	125,000		200,000	100,000
Total new obligational authority and expenditures.....	76,344,551	82,422,544	76,806,651	71,936,166	80,871,479	77,029,660
Enacted or recommended in this document.....	76,344,551	73,707,182	69,918,201	71,936,166	78,053,273	75,611,913
Proposed for later transmission.....		8,715,362	6,888,450		2,818,206	1,417,747

SPECIAL ANALYSIS D

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES

INTRODUCTION

This special analysis is designed to contribute to a general understanding of the Federal budget by classifying Government expenditures according to (1) those which yield benefits beyond the current year and (2) those which, in the main, yield benefits within the year in which the expenditure is made.

Expenditures yielding benefits over a period of years, that is, those of an investment type, are shown in two major categories—the first for acquisition of assets by the Federal Government, and the second for other broad developmental purposes.

Expenditures which yield benefits currently are also grouped in two major categories—the first for aids and services to special groups, and the second for current operating expenses.

In each category shown in this analysis, expenditures for major national security (as defined in special analysis C) are reported separately from those for all other (civil) programs. Such a distinction is helpful in appraising the nature of the outlays, since military expenditures for assets and other developmental purposes are generally designed to achieve objectives different from civil outlays for these purposes.

Separate subcategories are also shown for expenditures for direct Federal programs and for grants-in-aid or loans to States and local governments. Special analysis G presents details on Federal aid to State and local governments and contains a table summarizing these aids according to the major categories of special analysis D.

Comparison with a capital budget.—This analysis is not intended to be a capital budget. A capital budget as prepared by some foreign governments and some State and local governments usually provides separate financing for major capital outlays. The capital outlays may be entirely excluded from the current budget of these governments or they may be amortized over a period of years by annual charges to the budget. In the United States Federal budget, however, investment items are treated in the same way as expenditures for other purposes; both types are included in arriving at the budget surplus or deficit.

A capital budget would also require annual allowances for such items as depreciation and obsolescence on existing physical assets, anticipated losses on loan programs, assets received as gifts or donated to others, and the profit or loss on sales of assets at a figure different from their book value. This analysis makes no such provision for depreciation or other changes in the value of assets. Hence, it does not indicate the extent to which annual new investment in a given year is offset by changes in the value of existing assets.

Additions to Federal assets are limited in this analysis to major outlays, such as those for public works construction and military missiles, ships, and aircraft. Such a definition of direct investment is less inclusive than the conventional accounting definition which would include increases in all claims or assets owned by the Federal Government.

Expenditures for other developmental purposes include outlays for research and development; education and health; additions to State, local, and private assets; and other programs that contribute to the general physical productivity of the economy or help increase the technical skills and knowledge of individuals. Since Federal expenditures are viewed here in terms of their effect on

the economy as a whole, this analysis adopts a broader concept of developmental outlays than is generally employed in private accounting practice for capital items.

Recovery of certain types of expenditures.—A part of Federal expenditures for loans, for investment in commodity inventories, and for construction of powerplants is usually recovered by the Treasury. However, Federal expenditures for most other investment type programs are not generally expected to be recovered by specific revenues. Nonetheless, these and other developmental expenditures increase the wealth and income of the Nation both directly and indirectly, thus expanding Federal revenues over a period of years. In addition, there are some Government programs which are financed by the appropriation of part or all of the receipts collected from fees and charges for services, sale of products, and use of property related to the programs.

SUMMARY

In 1960, \$30,039 million of estimated expenditures represent outlays for the acquisition and improvement of assets and for other developmental purposes, compared to \$32,266 million in 1959. Current expenses for aids, services, and operations are estimated to be \$46,892 million for 1960, compared to \$48,406 million for 1959.

TABLE 1.—Summary of investment, operating, and other budget expenditures

[In millions]

	1958 actual	1959 estimate	1960 estimate
Additions to Federal assets:			
Civil.....	\$3, 050	\$8, 118	\$5, 363
Major national security.....	18, 571	18, 032	17, 778
Expenditures for other developmental purposes:			
Civil.....	1, 853	2, 312	2, 628
Major national security.....	2, 709	3, 805	4, 269
Current expenses for aids and special services:			
Civil.....	13, 050	14, 019	12, 554
Major national security.....	2, 235	2, 388	1, 929
Other services and current operating expenses:			
Interest.....	7, 689	7, 601	8, 096
Other civil.....	2, 151	2, 502	2, 484
Major national security.....	20, 628	21, 895	21, 829
Allowance for contingencies.....		200	100
Total.....	71, 936	80, 871	77, 030
Civil.....	27, 794	34, 751	31, 225
Major national security.....	44, 142	46, 120	45, 805

ADDITIONS TO FEDERAL ASSETS

Expenditures representing direct investment by the Federal Government in loans and federally owned physical assets are estimated to total \$23,142 million in 1960, compared to \$26,149 million in 1959. The decrease from 1959 to 1960 is largely in expenditures for loans. Over three quarters of the 1960 total is for major national security programs, mostly for military equipment.

Loans.—Direct loans by Federal agencies consist primarily of loans to farmers and homeowners, to public and private agencies serving these two groups, and to foreign governments and private business. Most direct loan programs are financed on a revolving fund basis; that is, their receipts are available for further lending operations. In these cases, only the difference between disbursements and collections is included in budget expenditures. Hence, net expenditures for loans as reported in this analysis

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

reflect only a fraction of total direct Government lending activity. The Rural Electrification Administration, the Farmers' Home Administration, and a few other loan programs are by law on a nonrevolving basis, with collections going directly to miscellaneous receipts of the Treasury. This budget proposes that in the future these lending programs also be conducted on a revolving fund basis.

Net budget expenditures for loans in 1960 are estimated to be \$629 million, compared to \$4,693 million in 1959. Net expenditures for loans to domestic private borrowers account for \$2,452 million of this estimated decrease. Net receipts from repayments of Commodity Credit Corporation loans for price support and grain storage programs are estimated at \$814 million in 1960, while net expenditures of \$805 million for these loans is expected in 1959. The bulk of Commodity Credit Corporation loan repayments consists of commodities acquired by the Corporation at loan value. Federal National Mortgage Association expenditures in 1959 reflect purchases of low-cost housing mortgages under the billion-dollar special assistance program enacted in the spring of 1958. In 1960 the Association expects to cover its mortgage purchases by equivalent receipts from mortgage sales and other sources. Thus, its expenditures in 1960 are expected to be \$694 million below 1959.

An estimated decline of \$1,574 million from 1959 to 1960 in loans to foreign borrowers is due mainly to the fact that an additional United States subscription to the International Monetary Fund is proposed for 1959, requiring a nonrecurring expenditure of \$1,375 million in that year. In addition, more of the portfolio of the Export-Import Bank will be sold to private investors in 1960, thus reducing the Bank's net expenditures below the 1959 level.

Public works—sites and direct construction.—This category includes all Federal expenditures for sites and for civil public works projects, military installations, and other national security facilities, including those outside the continental United States, which are owned by the Federal Government. A summary of these and related programs is given in special analysis F.

Expenditures in 1960 for direct Federal public works are estimated to be \$70 million less than in 1959. Over one-half of the 1960 amount, \$1,973 million, will be for major national security public works. This includes expenditures for construction of military and atomic energy research and development facilities as well as for construction of missile launching sites and their supporting facilities. Civil public works expenditures, mainly for water resources and related development, public buildings and airways facilities, are estimated at \$1,812 million in 1960, \$200 million higher than in 1959. No funds are recommended to initiate construction on new water resource projects in 1960; total expenditures reflect primarily expenditures for construction presently under-

way, including projects previously accelerated to aid economic recovery.

TABLE 2.—Additions to Federal assets

[In millions]

	1958 actual	1959 estimate	1960 estimate
Loans:			
Civil.....	\$1,130	\$4,706	\$649
Major national security.....	—11	—13	—20
Public works—sites and direct construction:			
Civil.....	1,252	1,612	1,812
Major national security.....	1,964	2,243	1,973
Major commodity inventories—net change:			
Civil.....	547	1,614	2,728
Major national security.....	568	299	190
Major equipment:			
Civil.....	39	80	72
Major national security.....	14,504	13,743	13,878
Other physical assets—acquisition and improvement:			
Civil.....	82	106	102
Major national security.....	1,546	1,760	1,756
Total additions to Federal assets.....	21,620	26,149	23,142

Major commodity inventories.—Net expenditures for purchases of commodities held for resale or in stockpiles are expected to be \$2,918 million in 1960, \$1,006 million more than in 1959. The figure for total purchases includes transportation costs, administrative expenses, and storage costs where these are normally included in costs of goods sold.

Net additions to the inventory of farm commodities held by the Commodity Credit Corporation under its farm price-support program are expected to require expenditures of \$2,719 million in 1960, \$1,126 million more than in 1959. Expenditures in 1960 for the stockpiling of strategic and critical materials (other than fissionable) and for purchases of defense materials are expected to decline by \$109 million from the 1959 level of \$299 million.

Major equipment.—Expenditures for major equipment in 1960 are estimated at \$13,950 million, an increase of \$127 million over 1959. These expenditures are almost entirely for major military procurement and production. Missile systems will take a larger share of 1960 procurement expenditures, and aircraft will take less. Ships and other weapons and equipment will take about the same amount as in 1959.

Purchases of office equipment, furniture and fixtures, automobiles, and similar items are not classified in this subcategory but are treated as current operating expenses.

Other physical assets—acquisition and improvement.—Expenditures for other physical assets are estimated to be \$1,859 million in 1960. The major part of this amount will be used for the procurement of uranium concentrates and production of special nuclear materials and weapons by the Atomic Energy Commission. This subcategory also includes reforestation and range improvements, and real property purchased or acquired as collateral on defaulted loans.

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

EXPENDITURES FOR OTHER DEVELOPMENTAL PURPOSES

The category "other developmental purposes" includes Federal expenditures which add to the productivity of the economy over a period of years but which do not directly add to Federal physical and financial assets. Programs which yield the bulk of their benefits immediately are excluded, even though they may also contribute to the longer run economic development of the Nation.

Expenditures for military research and development account for over three-fifths of the total estimated expenditures of \$6,897 million in this category for 1960.

State and local physical assets.—In 1960 the Federal Government will spend an estimated \$250 million for additions to physical assets of State and local governments, mainly through grants-in-aid for the construction of schools in federally affected areas, hospitals, airports, and other facilities. This amount excludes expenditures of over \$3 billion in 1960 for the Federal-aid highway system; since 1957 such highway expenditures have been made from a separately financed trust fund.

Private physical assets.—Federal expenditures which directly add to privately owned physical assets consist predominantly of (1) payments and technical assistance for conservation and improvement of private farms, including payments under the soil bank to share the cost of conservation practices; (2) grants to States for the building of private hospitals and other health facilities; and (3) construction subsidies for merchant ships. Expenditures in this category are estimated at \$780 million in 1960, compared to \$610 million in 1959, reflecting primarily an estimated increase in the soil bank conservation reserve.

Education, training, and health.—An estimated \$730 million of budget expenditures will be devoted to education, training, and health in 1960. These programs are developmental, since their purpose is to foster the knowledge, skills, longevity, and physical vigor of the population. Most of the programs are conducted through grants to State and local governments. They include school operating aid to school districts especially affected by activities of the Federal Government, grants and contributions under the National Defense Education Act of 1958, and grants to States for programs of vocational education, vocational rehabilitation, maternal and child welfare, public health, and agricultural extension work. Several closely related major items are classified in other categories—principally the veterans' education program (classified in aids and special services for veterans); the operating expenses of hospital services and medical care programs; and the training of military and civilian personnel in Government service.

Research and development.—The Federal Government also contributes to technological and economic progress through the conduct of varied programs of research and development. Expenditures for programs classified under this heading are estimated at \$5,063 million in 1960, \$616 million more than 1959. Major research and development emphasis in 1960 will be on missiles, space exploration, peaceful and military uses of atomic energy, and basic research. Over four-fifths of the 1960 amount will be devoted to research and development by the Department of Defense and the Atomic Energy Commission. (See special analysis H for the definition of Department of Defense research and development.) Expenditures by the newly established National Aeronautics and Space

Administration for research and development in 1960 will be directed toward increasing our understanding of the earth's outer atmosphere, the moon and the planets, space radiation, and related phenomena. Extensive research on air-traffic control will go forward in 1960 under the new Federal Aviation Agency. National Science Foundation expenditures for research and development will increase in 1960, reflecting an expansion of basic research activities. Other research and development programs include health research, research in new uses of farm products, and basic agricultural research.

TABLE 3.—Expenditures for other developmental purposes

[In millions]

	1958 actual	1959 estimate	1960 estimate
State and local physical assets.....	\$251	\$301	\$250
Private physical assets.....	547	610	780
Education, training, and health:			
Civil.....	519	673	717
Major national security.....	13	11	13
Research and development:			
Civil.....	472	654	807
Major national security.....	2,696	3,794	4,256
Engineering and natural resources surveys..	64	74	73
Total expenditures for other developmental purposes.....	4,563	6,117	6,897

Consistent with the definition of research and development used in special analysis H, expenditures for routine testing, mapping and surveys, experimental production, information activities, and training programs are generally excluded from this category.

Engineering and natural resource surveys.—An estimated \$73 million of expenditures in 1960 will be for investigations and surveys for public works programs, topographic mapping, land classification, forest investigations, and other basic surveys. The largest programs of these types are administered by the Geological Survey, the Bureau of Reclamation, the Coast and Geodetic Survey, and the Corps of Engineers.

CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES

This category—current expenses for aids and special services—contains the administrative and other operating expenses for the previously discussed investment-type programs, the costs of maintaining physical assets, and other current expenditures which primarily provide aids or special services to one or more specific economic groups.

Over four-fifths of budget expenditures for aids and special services in 1960 are for civil programs. The estimated total for these programs in 1960 is \$14,483 million, a decline of \$1,924 million from 1959. In addition to Federal expenditures for aids and special services, benefits accrue to various groups through tax provisions and other nonexpenditure aids which are not included in this analysis.

Agriculture.—Current expenses predominantly for the benefit of farmers consist chiefly of costs and losses arising from the price-support program and the sale of surplus commodities for foreign currencies, expenditures under the soil bank program, expenses of the International Wheat Agreement, Sugar Act payments, expenditures for removal of surplus commodities, and administrative expenses of loan programs and other aids for farmers. Current expenses for programs in this category are estimated at \$2,750 million in 1960, \$396 million less than in 1959,

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

reflecting primarily termination of the soil bank acreage reserve.

Other major expenditures benefiting farmers which are classified elsewhere in this analysis are provided through loans, conservation payments, and construction of reclamation and other water development projects. Farmers also benefit from the school lunch program and from certain international and other programs which are designed primarily for other purposes.

Business.—The major types of current Federal expenditures primarily benefiting private business are Government payments to the Post Office to cover certain losses arising from the operation of the postal service; maritime operating subsidies and navigation aids to the shipping industry; and various aids to air navigation. Expenditures for aids to business are estimated to decline from \$1,491 million in 1959 to \$881 million in 1960, due largely to the increase in postal rates proposed in this budget.

Labor.—The largest current Federal expenditure benefiting labor in 1960 is for the Federal-State program of unemployment insurance and public employment offices. The Federal Government, through the Department of Labor, makes grants to the States to cover the full cost of administering these services. Expenditures classified here also include the mine safety work of the Bureau of Mines and some administrative expenses of the Department of Labor. Current expenses for aids and special services for labor in 1960 are estimated to total \$342 million, compared to \$744 million in 1959. The estimated decrease in expenditures for 1960 reflects primarily the expiration of the temporary program of extended unemployment insurance benefits enacted in 1958.

Homeowners and tenants.—Since loans and mortgage purchases for the benefit of homeowners and tenants are classified in this analysis as investment-type expenditures, current expenditures consist chiefly of (1) annual contributions to local authorities for low-rent public housing projects; (2) grants for the capital losses of slum clearance and urban renewal projects; and (3) the operating expense of the management and liquidation functions of the Federal National Mortgage Association. Receipts from the insurance of mortgages and saving and loan share accounts, and the earnings from holdings of mortgages and other housing loans exceed current expenditures for housing in both 1958 and 1959. Net expenditures of \$1 million are estimated in 1960.

TABLE 4.—Current expenses for aids and special services

[In millions]			
	1958 actual	1959 estimate	1960 estimate
Agriculture.....			
Business:	\$3,242	\$3,146	\$2,750
Civil.....	1,238	1,432	817
Major national security.....	41	58	64
Labor.....	388	744	342
Homeowners and tenants.....	-40	-6	1
Veterans.....	4,898	5,037	4,921
International:			
Civil.....	1,310	1,394	1,412
Major national security.....	2,194	2,330	1,865
Other aids and special services.....	2,014	2,272	2,311
Total current expenses for aids and special services.....	15,286	16,407	14,483

Veterans.—Current expenditures for aids to veterans in 1960 are estimated at \$4,921 million, \$116 million below 1959. Compensation and pension benefits account for about two-thirds of the estimated 1960 total in this category. Compensation payments are made for disabilities or deaths resulting from service; pensions are paid in non-service-connected cases.

Other important current aids to veterans are hospital and medical care for veterans of all wars, and readjustment benefits primarily for those who served in the Korean conflict. The readjustment benefits include education and training for veterans who enroll in schools and colleges; vocational training on the job or farm; veterans' loan-guaranty programs; and veterans' unemployment compensation.

International.—In 1960, \$3,221 million of total estimated expenditures in this subcategory will be for mutual security programs. Military assistance expenditures, estimated at \$1,850 million in 1960, furnish military equipment and training; economic portions of the program, estimated at \$1,371 million in 1960, help friendly nations to develop their economies and to meet the economic burdens imposed by the need for maintaining adequate defense forces. Other programs in this category include emergency famine relief abroad and the Inter-American Highway.

Other aids and special services.—Many other Federal programs involve current expenditures for aids and special services for more than one of the above groups or for other groups. The bulk of these expenditures consists of grants to help provide public assistance to those in need, including the aged, the blind, the permanently and totally disabled, and dependent children. Other major programs include grants to States to help finance low-priced school lunches, hospital operation and medical care by the Public Health Service, and various aids to Indians. Expenditures in this subcategory are expected to increase from \$2,272 million in 1959 to \$2,311 million in 1960.

OTHER SERVICES AND CURRENT OPERATING EXPENSES

All other Government expenditures, apart from the allowance for contingencies, are included in this final major category. In the main, the activities covered are the basic administrative operations of maintaining a military establishment, conducting foreign affairs, making and enforcing laws, collecting taxes, and managing and paying interest on the public debt. Expenditures in the category are estimated at \$32,409 million in 1960, an increase of \$410 million over 1959.

Current expenditures for major national security purposes, mostly for operation and maintenance of military facilities and for pay and subsistence of military personnel, dominate this category. By far the largest component of civil expenditures is interest, which accounts for about one-fourth of the total.

Repair, maintenance, and operation of physical assets.—Expenditures to repair, maintain, and operate physical assets are chiefly for military structures, equipment, and facilities; atomic energy facilities; and general-purpose public buildings. They are also for operating such other public assets as flood control reservoirs, irrigation works, power facilities, public lands, and national forests.

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Net expenditures for civil repair, maintenance, and operation are estimated at \$332 million in 1959 and \$317 million in 1960. Outlays for the operation and maintenance of structures, weapons and equipment, and facilities for major national security programs are estimated to be \$10,059 million in 1960, \$92 million less than in 1959.

Regulation and control.—Most of the major departments and agencies and many smaller agencies have regulatory or law-enforcement responsibilities. These include the law-enforcement activities of the Department of Justice, the Treasury Department, and the judiciary, as well as the operations of the independent regulatory agencies. Expenditures for regulation and control are estimated to total \$607 million in 1960, compared to \$586 million in 1959.

Operation and administration of other civil activities.—All other governmentwide or multipurpose expenditures for civil programs are estimated to total \$1,560 million for 1960, about the same as in 1959. These cover expenditures for the legislative branch and the conduct of foreign affairs; tax collection, public debt management, and other financing activities; central procurement and recordkeeping; and various other direct Federal programs not elsewhere classified.

Other major national security operation and administration.—These expenditures are estimated to increase from \$11,744 million in 1959, to \$11,770 million in 1960. They represent predominantly pay and subsistence for military

personnel together with smaller but substantial expenditures for civilian reserve components, industrial mobilization, and various departmentwide activities of the Department of Defense.

Interest.—Almost all of these expenditures are for interest on the public debt. A relatively minor proportion is for interest on refunds of receipts and on certain uninvested funds deposited with the Treasury. Principally because of the higher interest rates on new securities issued to refund maturing obligations, expenditures for interest are expected to rise \$495 million between 1959 and 1960.

TABLE 5.—Other services and current operating expenses

[In millions]

	1958 actual	1959 estimate	1960 estimate
Repair, maintenance, and operation of physical assets:			
Civil.....	\$290	\$332	\$317
Major national security.....	9,174	10,151	10,059
Regulation and control.....	527	586	607
Operation and administration of other civil activities.....	1,334	1,584	1,560
Other major national security operation and administration.....	11,454	11,744	11,770
Interest.....	7,689	7,601	8,096
Total other services and current operating expenses.....	30,468	31,999	32,409

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Based on existing and proposed legislation

[In millions]

	1958 actual	1959 estimate	1960 estimate		1958 actual	1959 estimate	1960 estimate
ADDITIONS TO FEDERAL ASSETS				ADDITIONS TO FEDERAL ASSETS—Continued			
Loans:				Public works—sites and direct construction—Continued			
Civil:				Civil—Continued			
To domestic private borrowers:				Other than research and development facilities:			
Small Business Administration.....	\$78	\$157	\$158	Legislative branch.....	\$11	\$22	\$56
Veterans Administration.....	174	177	130	Central Intelligence Agency.....	4	8	14
Housing and Home Finance Agency:				Federal Aviation Agency.....	50	120	136
Federal National Mortgage Association.....	1	739	45	Saint Lawrence Seaway Development Corpora-			
College housing loans.....	66	93	74	tion.....	48	17	5
Federal Housing Administration.....	20	10	7	Smithsonian Institution.....	(1)	4	14
Other.....	-9	-12	-18	Tennessee Valley Authority.....	120	138	129
Department of Agriculture:				Veterans Administration.....	33	45	55
Commodity Credit Corporation: Price support				General Services Administration.....	42	104	148
and grain storage loans.....	-457	805	-814	Department of Agriculture:			
Farmers' Home Administration.....	239	272	171	Commodity Credit Corporation: Grain storage			
Rural Electrification Administration.....	288	315	325	facilities.....	(1)	35	30
Department of Health, Education, and Welfare:				Forest roads and protective facilities.....	33	41	33
Defense educational activities.....		14	41	Other.....	1	1	1
Treasury Department:				Department of Defense—Civil Functions:			
Reconstruction Finance Corporation.....	-12	-7	-4	Rivers and harbors and flood control, Army.....	554	565	664
Civil defense loans.....	(1)	(1)	(1)	The Panama Canal.....	7	16	15
Other agencies.....	7	1	-1	Other.....	1	1	4
Total to domestic private borrowers, civil.....	395	2,565	113	Department of Health, Education, and Welfare.....	10	14	22
To State and local governments:				Department of the Interior:			
For public works:				Bureau of Reclamation.....	183	214	198
Housing and Home Finance Agency:				National Park Service.....	41	67	49
College housing loans.....	99	140	112	Bonneville Power Administration.....	26	20	24
Public facility loans.....	11	24	30	Other.....	33	61	53
Other.....	-2	18	7	Post Office Department.....	7	24	50
Department of the Interior.....	4	13	8	Department of State.....	16	30	22
Other agencies.....	5	9	10	Other agencies.....	8	14	25
For other than public works.....	20	3	12	Total other than research and development			
Total to State and local governments, civil.....	137	207	178	facilities.....	1,229	1,563	1,745
To foreign borrowers:				Total public works, civil.....	1,252	1,612	1,812
Funds appropriated to the President: Mutual				Major national security:			
security: Economic.....	198	232	277	Research and development facilities:			
Export-Import Bank of Washington.....	406	325	80	Atomic Energy Commission.....	92	140	158
Treasury Department.....		1,375		Department of Defense—Military Functions:			
Total to foreign borrowers, civil.....	604	1,931	357	Military construction.....	136	107	89
To quasi-public institutions and trust funds:				Total research and development facilities.....	228	248	247
Farm Credit Administration.....	-3	4	1	Other than research and development facilities:			
Housing and Home Finance Agency.....	-3			Atomic Energy Commission.....	117	100	122
Total to quasi-public institutions and trust				Department of Defense—Military Functions:			
funds.....	-6	4	1	Military construction (excluding infrastructure).....	1,613	1,896	1,604
Total loans, civil.....	1,130	4,706	649	Other agencies.....	6	(1)	
Major national security:				Total other than research and development			
To domestic private borrowers: Funds appropri-				facilities.....	1,736	1,995	1,726
ated to the President: Expansion of defense pro-				Total public works, major national security.....	1,964	2,243	1,973
duction.....	-7	-9	-15	Total public works—sites and direct construc-			
To foreign borrowers.....	-4	-4	-4	tion.....	3,216	3,855	3,785
Total loans, major national security.....	-11	-13	-20	Major commodity inventories:			
Total loans.....	1,118	4,693	629	Civil:			
Public works—sites and direct construction:				Executive Office of the President: Office of Civil			
Civil:				and Defense Mobilization.....	32	16	9
Research and development facilities:				Department of Agriculture: Commodity Credit			
National Aeronautics and Space Administration.....	17	25	35	Corporation: Agricultural commodities.....	510	1,593	2,719
Department of Agriculture.....	3	11	10	Other agencies.....	5	5	(1)
Other agencies.....	3	13	23	Total major commodity inventories, civil.....	547	1,614	2,728
Total research and development facilities.....	23	48	68	Major national security:			
				Funds appropriated to the President: Expansion			
				of defense production.....	408	242	170

¹ Less than one-half million dollars.

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Based on existing and proposed legislation—Continued

[In millions]

	1958 actual	1959 estimate	1960 estimate		1958 actual	1959 estimate	1960 estimate
ADDITIONS TO FEDERAL ASSETS—Continued				EXPENDITURES FOR OTHER DEVELOPMENTAL PURPOSES			
Major commodity inventories—Continued				State and local physical assets:			
Major national security—Continued				Grants-in-aid:			
General Services Administration: Stockpiling of strategic and critical materials.....	\$160	\$57	\$20	For public works, research and development facilities: Department of Health, Education, and Welfare.....	\$3	\$5	\$5
Total major commodity inventories, major national security.....	568	299	190				
Total major commodity inventories.....	1,115	1,912	2,918	For public works, other than research and development facilities:			
Major equipment:				Federal Aviation Agency.....	43	50	55
Civil:				Department of Agriculture: Flood prevention and watershed protection.....	16	26	28
Research and development facilities.....	2	7	10	Department of Commerce: Forest and public lands highways ²	25	31	-----
Other than research and development facilities:				Department of Health, Education, and Welfare:			
Department of Commerce:				School construction in federally affected areas.....	74	69	42
Merchant ships.....	11	28	31	Hospital construction.....	47	55	58
Other.....	2	7	4	Waste treatment works construction.....	17	30	30
Treasury Department: Coast Guard.....	15	17	10	Other.....	(¹)	(¹)	-----
Other agencies.....	9	21	17	Other agencies.....	16	18	16
Total major equipment, civil.....	39	80	72	Total other than research and development facilities.....	239	280	228
Major national security:				Total for public works.....	242	285	233
Research and development facilities: Atomic Energy Commission.....	29	32	36	For other than public works:			
Other than research and development facilities:				Research and development facilities.....	(¹)	2	4
Funds appropriated to the President.....	-4	(¹)	(¹)	Other than research and development facilities.....	8	14	14
Atomic Energy Commission.....	19	28	29	Total for other than public works.....	8	16	17
Department of Defense—Military Functions:				Total State and local physical assets, grants-in-aid ³	251	301	250
Aircraft.....	8,412	6,963	6,265				
Missiles.....	2,677	3,332	3,825	Private physical assets, civil:			
Ships.....	1,457	1,677	1,659	Direct Federal programs:			
Other.....	2,278	2,211	2,189	Research and development facilities:			
Working capital (revolving) funds.....	-364	-501	-124	Department of Health, Education, and Welfare.....	9	15	15
Total other than research and development facilities, major national security.....	14,475	13,711	13,843	Other agencies.....	1	2	4
Total major equipment, major national security.....	14,504	13,743	13,878	Total research and development facilities.....	10	17	19
Total major equipment.....	14,543	13,823	13,950	Other than research and development facilities:			
Other physical assets—acquisition and improvement:				Department of Agriculture:			
Civil:				Agricultural conservation assistance.....	214	231	230
Installment purchase of real property: General Services Administration.....	(¹)	(¹)	1	Great Plains conservation program.....	2	6	9
Other than installment purchase of real property:				Soil Conservation Service.....	74	86	84
Veterans Administration.....	59	60	60	Soil bank programs: Practice payments, conservation reserve.....	133	145	342
Housing and Home Finance Agency.....	-4	11	9	Commodity Credit Corporation: Loans to Secretary of Agriculture for agricultural conservation purposes.....	22	15	-28
Department of Agriculture.....	7	10	9	Department of Commerce: Merchant ships.....	28	34	49
Department of the Interior.....	16	18	19	Other agencies.....	5	7	3
Other agencies.....	4	7	3	Total other than research and development facilities.....	477	523	689
Total other than installment purchase of real property.....	82	106	101	Total direct Federal programs.....	487	540	708
Total other physical assets, civil.....	82	106	102	Grants-in-aid: Other than research and development facilities:			
Major national security:				Department of Health, Education, and Welfare:			
Installment purchase of real property: Department of Defense—Military Functions: Working capital (revolving) funds.....	113	116	72	Private hospital construction.....	58	68	70
Other than installment purchase of real property:				Other agencies.....	2	3	2
Atomic Energy Commission.....	1,432	1,644	1,684	Total grants-in-aid.....	60	71	72
Total other physical assets, major national security.....	1,546	1,760	1,756	Total private physical assets, civil.....	547	610	780
Total other physical assets—acquisition and improvement.....	1,628	1,866	1,859	Education, training, and health:			
Total additions to Federal assets.....	21,620	26,149	23,142	Civil:			
				Direct Federal programs:			
				National Science Foundation.....	15	51	60
				Department of Health, Education, and Welfare.....	118	156	164

¹ Less than one-half million dollars.² Expenditures for these programs are included in highway trust fund expenditures in 1960.³ Excludes highway construction grants of \$1,493 million in 1958, \$2,425 million in 1959 (estimate), and \$3,015 million in 1960 (estimate) made from the highway trust fund.

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Based on existing and proposed legislation—Continued

[In millions]

	1958 actual	1959 estimate	1960 estimate		1958 actual	1959 estimate	1960 estimate
EXPENDITURES FOR OTHER DEVELOPMENTAL PURPOSES—Continued				CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES			
Education, training, and health—Continued				Agriculture:			
Civil—Continued				Direct Federal programs:			
Direct Federal programs—Continued				Department of Agriculture:			
Department of the Interior.....	\$38	\$43	\$46	Commodity Credit Corporation:			
Other agencies.....	15	19	19	Transfer to supplemental stockpile.....	\$84	\$129	\$225
Total direct Federal programs.....	186	268	288	Sales for foreign currency.....	1,073	1,049	1,033
Grants-in-aid:				Price support, supply, and related programs.....	876	533	861
Department of Agriculture.....	57	62	62	Other.....	253	226	82
Department of Health, Education, and Welfare:				Soil bank programs: Acreage reserve.....	522	609	1
School operation in federally affected areas.....	104	113	130	Sugar Act.....	70	68	75
Defense educational activities.....		46	54	Other.....	107	146	155
Vocational and other education and training.....	90	98	105	Other agencies.....	6	4	5
Health and child care.....	74	78	74	Total direct Federal programs.....	2,990	2,815	2,438
Other agencies.....	8	8	4	Grants-in-aid: Department of Agriculture:			
Total grants-in-aid.....	333	405	429	Removal of surplus agricultural commodities.....	117	144	144
Total education, training, and health, civil.....	519	673	717	Commodity Credit Corporation.....	124	176	158
Major national security: Atomic Energy Commission.....	13	11	13	Other.....	11	11	11
Total education, training, and health.....	532	684	730	Total grants-in-aid.....	251	331	312
Research and development:				Total agriculture.....	3,242	3,146	2,750
Civil:				Business:			
Direct Federal programs:				Civil:			
Federal Aviation Agency.....	4	32	39	Direct Federal programs:			
National Aeronautics and Space Administration.....	72	128	245	Civil Aeronautics Board.....	38	58	63
National Science Foundation.....	31	49	64	Federal Aviation Agency.....	156	230	286
Veterans Administration.....	12	16	12	Department of Commerce:			
Department of Agriculture.....	76	85	85	Maritime activities: Ship operating subsidies			
Department of Commerce.....	15	21	26	and administration.....	127	135	134
Department of Health, Education, and Welfare.....	166	211	223	Patent Office.....	18	21	21
Department of the Interior.....	44	52	54	Other.....	20	29	28
Other agencies.....	13	20	22	Department of Defense—Civil Functions:			
Total direct Federal programs.....	433	614	770	Rivers and harbors and flood control: Maintenance and operation.....	74	78	75
Grants-in-aid:				Panama Canal Company.....	-9	-3	-12
Department of Agriculture.....	31	32	32	Other.....	1	-2	-1
Other agencies.....	8	7	5	Post Office Department (excluding Government mail and nonbusiness services).....	664	721	52
Total grants-in-aid.....	39	39	37	Treasury Department: Coast Guard: Navigation aids.....	144	157	162
Total research and development, civil.....	472	654	807	Other agencies.....	5	8	7
Major national security:				Total civil, direct Federal programs.....	1,238	1,432	815
Atomic Energy Commission.....	516	618	652	Grants-in-aid: Department of Commerce.....			2
Department of Defense—Military Functions:				Total civil.....	1,238	1,432	817
Research and development.....	2,034	3,020	3,384	Major national security: Funds appropriated to the President: Expansion of defense production, administrative expenses and losses on transactions.....	41	58	64
Military personnel.....	188	197	194	Total business.....	1,280	1,491	881
Working capital (revolving) funds.....	-44	-43	24	Labor:			
Total research and development, major national security.....	2,696	3,794	4,256	Direct Federal programs:			
Total research and development.....	3,168	4,447	5,063	Temporary unemployment compensation.....	48	412	
Engineering and natural resource surveys:				Other.....	16	17	25
Direct Federal programs:				Total direct Federal programs.....	64	429	25
Department of Commerce.....	12	12	14	Grants-in-aid:			
Department of the Interior.....	33	38	36	Department of Labor: Administration of unemployment compensation and employment service.....	291	315	317
Other agencies.....	18	21	20	Treasury Department: Payment to unemployment trust fund.....	33		
Total direct Federal programs.....	62	71	70	Total grants-in-aid.....	324	315	317
Grants-in-aid.....	2	3	4	Total labor.....	388	744	342
Total engineering and natural resource surveys.....	64	74	73	Homeowners and tenants:			
Total expenditures for other developmental purposes.....				Direct Federal programs:			
	4,563	6,117	6,897	Federal Home Loan Bank Board.....	-38	-43	-47
				Housing and Home Finance Agency:			
				Federal National Mortgage Association.....	-30	-62	-45

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Based on existing and proposed legislation—Continued

[In millions]

	1958 actual	1959 estimate	1960 estimate		1958 actual	1959 estimate	1960 estimate
CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued				CURRENT EXPENSES FOR AIDS AND SPECIAL SERVICES—Continued			
Homeowners and tenants—Continued				Other aids and special services—Continued			
Direct Federal programs—Continued				Grants-in-aid—Continued			
Housing and Home Finance Agency—Continued				Department of Health, Education, and Welfare:			
Federal Housing Administration.....	-\$108	-\$101	-\$138	Public assistance.....	\$1,795	\$1,985	\$2,018
Other.....	6	13	12	Other.....	1	1	2
Other agencies.....	(1)	(1)	(1)	Other agencies.....	(1)	(1)	1
Total direct Federal programs.....	-169	-192	-219	Total grants-in-aid.....	1,906	2,141	2,131
Grants-in-aid: Housing and Home Finance Agency:				Total other aids and special services.....	2,014	2,272	2,311
Public housing.....	95	111	120	Total current expenses for aids and special services.....	15,286	16,407	14,483
Urban renewal fund.....	35	76	100				
Total grants-in-aid.....	130	186	220	OTHER SERVICES AND CURRENT OPERATING EXPENSES			
Total homeowners and tenants.....	-40	-6	1	Repair, maintenance, and operation of physical assets (excluding special services):			
Veterans:				Civil:			
Direct Federal programs:				Tennessee Valley Authority.....	-94	-102	-116
Veterans Administration:				General Services Administration.....	150	164	169
Readjustment benefits.....	731	654	528	Department of Agriculture: Forest Service.....	72	83	78
Compensation and pensions.....	3,161	3,311	3,361	Department of Commerce.....	2	8	8
Hospital and medical care.....	804	862	870	Department of Defense—Civil Functions: Rivers and harbors and flood control, Army.....	47	51	52
Other.....	114	152	141	Department of the Interior.....	98	107	108
Department of Labor:				Other agencies.....	16	20	18
Unemployment compensation for veterans.....	75	44	8	Total repair, maintenance, and operation, civil.....	290	332	317
Other.....	3	3	1	Major national security:			
Other agencies.....	2	3	3	Atomic Energy Commission.....	49	56	51
Total direct Federal programs.....	4,890	5,029	4,912	Department of Defense—Military Functions:			
Grants-in-aid: Veterans Administration.....	8	8	8	Operation and maintenance.....	9,890	10,391	10,385
Total veterans.....	4,898	5,037	4,921	Working capital (revolving) funds.....	-766	-296	-376
International:				Total repair, maintenance, and operation, major national security.....	9,174	10,151	10,059
Civil:				Total repair, maintenance, and operation of physical assets.....	9,463	10,483	10,376
Funds appropriated to the President:				Regulation and control:			
Mutual security: Economic.....	1,226	1,337	1,371	The judiciary.....	43	49	51
Other.....	(1)	(1)	(1)	Federal Aviation Agency.....	17	21	24
Export-Import Bank of Washington.....	-66	-82	-86	Federal Communications Commission.....	8	10	10
Department of Agriculture: Commodity Credit Corporation: Emergency famine relief to friendly peoples.....	121	106	94	Interstate Commerce Commission.....	17	20	20
Department of Commerce: Inter-American Highway.....	20	24	21	National Labor Relations Board.....	9	13	14
Other agencies.....	9	9	13	Department of Agriculture.....	60	63	64
Total international, civil.....	1,310	1,394	1,412	Department of Health, Education, and Welfare.....	9	11	12
Major national security:				Department of Justice:			
Funds appropriated to the President: Mutual security: Military assistance.....	2,187	2,312	1,850	Federal Bureau of Investigation.....	106	111	114
Department of Defense—Military Functions: Military construction (infrastructure).....	7	18	15	Other.....	120	136	138
Total international, major national security.....	2,194	2,330	1,865	Department of Labor.....	11	12	12
Total international.....	3,504	3,724	3,277	Treasury Department.....	91	100	106
Other aids and special services:				Other agencies.....	35	41	42
Direct Federal programs:				Total regulation and control.....	527	586	607
Department of Health, Education, and Welfare.....	61	69	64	Operation and administration of other civil activities:			
Department of the Interior.....	29	37	29	International activities:			
Department of Commerce.....	2	8	69	Funds appropriated to the President.....	16	9	7
Other agencies.....	15	16	18	United States Information Agency.....	104	99	104
Total direct Federal programs.....	107	130	179	Department of State:			
Grants-in-aid:				International educational exchange activities.....	24	25	24
Funds appropriated to the President: Disaster relief.....	12	11	11	Contributions to international organizations.....	2	2	2
Department of Agriculture: School lunch program.....	98	143	100	Other.....	154	208	183
				Total international activities.....	300	343	319

1 Less than one-half million dollars.

SPECIAL ANALYSIS D—Continued

INVESTMENT, OPERATING, AND OTHER BUDGET EXPENDITURES—Continued

Based on existing and proposed legislation—Continued

[In millions]

	1958 actual	1959 estimate	1960 estimate		1958 actual	1959 estimate	1960 estimate
OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued				OTHER SERVICES AND CURRENT OPERATING EXPENSES—Continued			
Operation and administration of other civil activities—Continued				Operation and administration of other civil activities—Continued			
Federal financial activities:				Shared revenues and grants-in-aid:			
General Accounting Office.....	\$35	\$41	\$42	Funds appropriated to the President.....			\$10
Renegotiation Board and Tax Court of the United States.....	4	5	5	Department of Agriculture.....	\$23	\$23	29
Treasury Department:				Department of the Interior.....	70	77	83
Internal Revenue Service.....	322	365	363	Treasury Department.....	19	20	20
Other.....	93	101	99	District of Columbia: Federal payment.....	11	20	23
Total Federal financial activities.....	454	511	508	Other agencies.....	7	7	8
Other direct Federal programs:				Total shared revenues and grants-in-aid.....	134	147	173
Legislative branch.....	78	84	86	Total operation and administration of other civil activities.....	1,334	1,584	1,560
Executive Office of the President:				Other major national security operation and administration:			
Office of Civil and Defense Mobilization.....	17	23	36	General Services Administration.....	24	33	30
Other.....	9	10	10	Department of Defense—Military Functions:			
Civil Service Commission.....	19	21	20	Military personnel (excluding research and development).....	11,430	11,711	11,740
Selective Service System.....	27	30	29	Total other major national security operation and administration.....	11,454	11,744	11,770
General Services Administration.....	46	68	43	Interest:			
Department of Commerce.....	33	45	48	On the public debt.....	7,607	7,500	8,000
Department of Defense—Civil Functions.....	31	34	35	Other interest:			
Department of the Interior.....	11	12	11	On refunds.....	74	92	87
Treasury Department.....	20	21	5	On uninvested funds.....	8	9	9
Other agencies.....	5	7	6	Total other interest.....	82	101	96
Total other direct Federal programs.....	296	356	329	Total interest.....	7,689	7,601	8,096
Retirement, unemployment and accident compensation for Federal employees:				Total other services and current operating expenses.....	30,468	31,999	32,409
Department of Labor:				ALLOWANCE FOR CONTINGENCIES.....		200	100
Employees' compensation claims and expenses.....	60	72	62	Grand total.....	71,936	80,871	77,030
Unemployment compensation for Federal employees.....	57	116	124				
Other.....	2	5	7				
Treasury Department: Coast Guard retired pay and Secret Service annuities.....	26	29	30				
Other agencies.....	6	6	7				
Total retirement, unemployment, and accident compensation for Federal employees.....	150	223	230				

SPECIAL ANALYSIS E

FEDERAL CREDIT PROGRAMS

INTRODUCTION

Federal credit programs make important contributions to the achievement of public policy objectives. As part of the Federal programs for improvement of housing and encouragement of home ownership, Federal agencies have insured or guaranteed more than 40% of all outstanding home-mortgage loans. Similarly, financial assistance in the form of credit is an important part of the Federal program of encouraging efficient family-size farm units. Government loans have helped to restore international economic stability and to promote the economic development of underdeveloped areas since World War II. Federal credit aids to domestic business are relatively specialized, being confined to small businesses, shipping, aviation, railroads, and defense contractors; they account for only a small part of business credit. In addition to influences in these specific areas, Federal credit programs exert a powerful influence on the general level of economic activity.

The impact of Federal credit programs on the Federal budget is relatively small when compared with the large amount of credit extended or guaranteed. The most important reason is the predominance of Federal insurance and guaranties of private loans in recent years, discussed more fully later in this analysis. Such programs normally involve little or no budget expenditures except in cases when defaults require the guaranteeing or insuring agencies to take over private loans. Secondly, a significant share of new commitments, both for insurance and guaranties and for direct loans, are canceled or expire without being used by the lending institution or the borrower. Finally, collections on loans in most cases directly offset disbursements on new loans, with the result that net expenditures are much less than gross expenditures; often net receipts occur.

Federal credit programs are intended to supplement rather than to substitute for private credit. They have expanded greatly in the postwar period. Direct loans outstanding increased from about \$5 billion in 1945 to more than \$18 billion on June 30, 1958. About one-half of this amount was domestic loans, which were only about 2% of the estimated private debt of \$452 billion outstanding on that date. Private loans partly or wholly guaranteed by Federal agencies have increased nearly tenfold since 1945 to \$58.5 billion, comprising 13% of total private debt.

The President has made a number of legislative recommendations affecting Federal credit programs. They are discussed in the budget message, especially on pages m15, m21-22, m52-54, m55, and m59.

COVERAGE OF SPECIAL ANALYSIS

This special analysis presents a broad picture both of direct Federal loans and mortgage purchases, and of Federal loan insurance and loan guaranty programs. It summarizes new commitments, disbursements and repayments, loans outstanding and guaranties in force, new commitment authority, and status of credit authority of 21 major Federal credit programs.

The analysis covers major credit programs of wholly owned Government enterprises, whether corporate or non-corporate. Included also are major credit operations of other departments and agencies, not primarily engaged in

lending activities, such as the Treasury Department loan to the United Kingdom in 1947. Loan programs of important quasi-public agencies are excluded from the tables, but are discussed separately. With this exception, the 21 programs included account for nearly all new commitments of Federal credit agencies in 1960.

Several changes in coverage have been made in this year's analysis. New railroad loan guaranties by the Interstate Commerce Commission, and direct loans for education by the Department of Health, Education, and Welfare were authorized in 1958, and are therefore included in the analysis for the first time. Liquidation of loans made by the former Reconstruction Finance Corporation is largely completed, and hence such loans are no longer included.

The analysis excludes interagency credit used to finance budget expenditures, such as borrowing from the Treasury by other Government agencies, whether for loan or other programs. Credit extended to help finance sales by the Federal Government is also generally excluded.

SUMMARY

Total new commitments for major Federal credit programs for 1960 are estimated at \$27.5 billion (table 1). Of this total, credit aids for housing and related programs, including loans and guaranties by the Housing and Home Finance Agency and the Veterans Administration, account for \$21.6 billion, or nearly 80%. Credit aids for agricultural programs account for \$2.7 billion, or 10%. The sharp increase in new commitments during the 3-year period arises primarily from increased guaranties by the Veterans Administration and the Federal Housing Administration in the Housing and Home Finance Agency.

TABLE 1.—Commitments and expenditures for major Federal credit programs classified by agency or program

Agency or program	New commitments			Net expenditures		
	1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Housing and Home Finance Agency.....	\$10,654	\$14,429	\$13,594	\$210	\$1,017	\$268
Veterans Administration.....	2,379	3,328	7,979	166	165	114
Department of Agriculture.....	2,796	4,406	2,675	-213	1,113	-614
Department of Commerce.....	147	86	195	4		
Civil Aeronautics Board.....	5	19	20			
Interstate Commerce Commission.....		152	150			
Expansion of defense production.....	162	121	95	-4	-12	-26
Small Business Administration.....	212	354	407	85	164	168
Department of Health, Education, and Welfare.....		38	38		14	40
Treasury Department.....					-51	-52
Export-Import Bank.....	902	1,344	1,345	413	413	236
Department of State.....	291	258	327	344	345	396
Development Loan Fund.....	102	500	698	2	123	197
Total.....	17,650	25,035	27,523	1,007	3,291	727
Other agencies or programs.....				-36	1,375	-1
Adjustments for repayments going directly into miscellaneous receipts.....				317	376	401
Adjustments for net expenditures in foreign currencies.....				-170	-349	-498
Total budget expenditures.....				1,118	4,693	629

As indicated in detail in table 3 below, expenditures of major credit programs will exceed receipts by \$727 million in 1960, about \$2.6 billion less than in 1959. The unusually high level of expenditures in 1959 arises from mortgage purchases by the Federal National Mortgage Asso-

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

ciation in the Housing and Home Finance Agency as part of the antirecession program, and price supports by the Commodity Credit Corporation in the Department of Agriculture. In 1960, decreased loan disbursements and increased repayments by these two agencies are responsible for most of the abrupt decline. These variations in expenditures for loans explain a significant part of the net change in budget expenditures during the period.

NEW COMMITMENTS

New commitments provide the best single measure of the trends in most Federal credit programs. They also provide the best indication of trends in the economic impact of these programs, since changes in the magnitude of new commitments usually lead to corresponding changes in the volume of loans disbursed by either public agencies or private lenders.

In this study, commitments are defined as approvals by Federal agencies of direct loans or of insurance or guaranties of private loans. They are shown on a gross basis, including commitments which do not result in an actual credit extension. The amounts shown are the principal amounts of the loans; for several guaranty and insurance programs these exceed the Government's contingent liability, since the unguaranteed or uninsured portions are also included.

As table 2 indicates, commitments for Federal guaranties and insurance of private loans account for nearly 80% of total new commitments in 1960. This high proportion arises from the legal requirements or administrative policy wherever possible of making direct loans or purchasing mortgages only where private credit, even with Government guaranty or insurance, is not available on reasonable terms, and from revisions in interest rates and other terms designed to make guaranteed and insured loans more attractive to private lenders.

Direct loans and investments.—New commitments of \$5.7 billion for direct loans and investments in 1960 will be somewhat below the 1959 level. The Commodity Credit Corporation will be making fewer loans, mainly because of the shift in emphasis from a cotton loan to a cotton purchase program as a result of the Agricultural Act of 1958, and an anticipated decrease in 1959 crop production below 1958. Special assistance commitments by the Federal National Mortgage Association will also fall as the low-cost housing authorization was fully committed in 1959. The increase in 1960 over 1958 is accounted for by the expanded operations of the Development Loan Fund and the Export-Import Bank.

Guaranties and insurance.—New commitments for Federal guaranties and insurance of private loans are expected to increase sharply during the 3-year period, from \$12.3 billion in 1958 to \$21.8 billion in 1960. Commitments by the Veterans Administration loan guaranty program have been kept down because the maximum statutory interest rate has not kept pace with prevailing interest rates; the President's proposal for a more flexible rate will increase the supply of private mortgage funds available for this program. Increased housing construction in 1959 and 1960 will also increase the demand for mortgage insurance by the Federal Housing Administration.

TABLE 2.—New commitments for major Federal credit programs classified by type of assistance, major agency or program

Agency or program	1958 actual		1959 estimate		1960 estimate	
	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$1, 652	-----	\$1, 341	-----	\$922	-----
Urban Renewal Administration.....	48	\$115	113	\$306	102	\$271
Community Facilities Administration.....	267	-----	265	-----	270	30
Federal Housing Administration.....	30	7, 945	50	11, 485	55	11, 140
Public Housing Administration.....	307	290	353	516	338	466
Veterans Administration.....	206	2, 173	203	3, 125	179	7, 800
Department of Agriculture:						
Rural Electrification Administration.....	331	-----	373	-----	325	-----
Farmers' Home Administration.....	301	29	328	47	235	47
Commodity Credit Corporation.....	772	1, 363	1, 293	2, 365	799	1, 269
Department of Commerce: Maritime Administration.....	4	143	-----	86	-----	195
Civil Aeronautics Board.....	-----	5	-----	19	-----	20
Interstate Commerce Commission.....	-----	-----	-----	152	-----	150
Expansion of defense production.....	-----	162	-----	121	-----	95
Small Business Administration.....	186	26	288	66	334	73
Department of Health, Education, and Welfare.....	-----	-----	38	-----	38	-----
Export-Import Bank.....	811	91	1, 172	172	1, 148	197
Department of State: International Cooperation Administration.....	291	-----	258	-----	327	-----
Development Loan Fund.....	102	-----	475	25	648	50
Total by type of assistance.....	5, 308	12, 342	6, 550	18, 485	5, 720	21, 803
Grand total.....	17, 650	-----	25, 035	-----	27, 523	-----

Overlap in commitments.—Total commitments may overstate by \$1 billion to \$2 billion the net amount of credit assistance by the Federal Government, especially for housing credit. This is because two or more types of Federal assistance are sometimes provided for the same borrower or the same property at different stages in the financing process. No adjustment is made for this overlap, since the amount in any single year is difficult to estimate.

A substantial share of the housing initially constructed with the aid of mortgage insurance by the Federal Housing Administration in the past has later been sold to veterans who finance their purchases with mortgages guaranteed by the Veterans Administration. The Federal National Mortgage Association purchases only mortgages previously insured by the Federal Housing Administration or guaranteed by the Veterans Administration.

Similarly, local housing authorities normally finance most or all of the construction of low-rent units with temporary loans made or directly guaranteed by the Public Housing Administration. These temporary obligations, however, are refinanced by sale of long-term obligations to private investors on the security of Federal annual contribution contracts.

DISBURSEMENTS AND REPAYMENTS

Direct loans and investments can have a major impact on the Federal budget, since the difference between disbursements and repayments represents Federal expenditures or receipts. Federal guaranties and insurance of private loans, on the other hand, ordinarily have only a minor effect on Federal expenditures, since they result primarily in expenditures by private financial institutions.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

Only if they have been taken over by Federal agencies, as a result of defaults or otherwise, are they reflected in budget expenditures. Net expenditures for Federal credit assistance give, therefore, only a partial picture of the economic impact of these programs.

Net expenditures of all Government lending programs—with the exception of loans from trust funds or by quasi-public agencies—are included in the budget totals. In most cases, collections are offset directly against expenditures; in a few major programs, however, they go directly to miscellaneous receipts and, therefore, do not affect budget expenditures. In the case of foreign loans, disbursements and repayments in foreign currencies are included in the analysis but not generally in the budget.

In table 1 of this analysis, expenditures for loans are shown on a net basis; that is, they reflect loan disbursements less repayments of old loans. However, to indicate more clearly the total volume of loans, table 3 shows both gross loan disbursements and repayments (including those going directly to miscellaneous receipts of the Treasury). The difference between these two columns represents the net addition to or reduction in Federal loan assets (excluding primarily chargeoffs and recoveries) for the major credit programs during the fiscal year. To bring total expenditures for loans into line with budget expenditures, net expenditures of minor Federal programs and adjustments for repayments going directly to miscellaneous receipts and for net expenditures in foreign currencies are shown.

TABLE 3.—Disbursements and repayments for major Federal credit programs classified by agency or program

[In millions]

Agency or program	1958 actual		1959 estimate		1960 estimate	
	Disbursements	Repayments	Disbursements	Repayments	Disbursements	Repayments
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$848	\$851	\$1,362	\$623	\$1,154	\$1,110
Urban Renewal Administration.....	39	19	76	75	82	81
Community Facilities Administration.....	178	2	260	3	270	54
Federal Housing Administration.....	35	16	27	17	24	18
Public Housing Administration.....	204	208	382	371	308	309
Veterans Administration.....	210	44	225	60	191	77
Department of Agriculture:						
Rural Electrification Administration.....	288	100	315	100	325	104
Farmers' Home Administration.....	334	279	349	256	247	267
Commodity Credit Corporation.....	1,993	2,449	3,696	2,891	2,232	3,047
Department of Commerce: Maritime Administration.....	4					
Expansion of defense production:						
Direct loans and advances.....	28	39	2	15		20
Guaranties of defense production loans.....	21	14	19	18	5	11
Small Business Administration.....	126	41	230	67	271	103
Department of Health, Education, and Welfare.....			14		41	1
Treasury Department: Loan to United Kingdom.....				51		52
Export-Import Bank.....	823	410	853	440	957	721
Department of State: International Cooperation Administration.....	367	23	379	34	443	47
Development Loan Fund.....	2		124	1	203	6
Total.....	5,500	4,495	8,313	5,022	6,753	6,028
Net addition to loans and investments:						
Major agencies or programs.....	1,007		3,291		727	
Other agencies or programs.....	—36		1,375		—1	
Adjustment for repayments going directly into miscellaneous receipts.....	317		376		401	
Adjustment for net expenditures in foreign currencies.....	—170		—349		—498	
Total budget expenditures.....	1,118		4,693		629	

In both tables 1 and 3, expenditure figures represent disbursements and repayments of loans only, and exclude all income and expense items. Losses actually incurred and written off are not included, because no cash transaction is involved.

In 1960, gross loan disbursements of major Federal credit programs are estimated at \$6.8 billion and repayments at \$6.0 billion. Net expenditures of \$727 million are thus a relatively small fraction of the gross level of activity. Of the total repayments, \$401 million will go directly to miscellaneous receipts, chiefly repayments of loans by the Farmers' Home Administration, the Rural Electrification Administration, and the Treasury loan to the United Kingdom. Net expenditures of loans in foreign currencies are estimated at \$498 million. Allowing for these adjustments, together with net receipts of \$1 million for relatively minor credit programs, net budget expenditures for loans will amount to an estimated \$629 million. (Expenditures for these minor programs in 1959 include a nonrecurring subscription of \$1,375 million to the International Monetary Fund.)

Gross disbursements in 1960 will be substantially below 1959 because emphasis in the Commodity Credit Corporation's price support for cotton will be shifted from a loan to a purchase program; the Corporation's high level of disbursements in 1959 also reflects the record 1958 crop. Increased repayments to the Commodity Credit Corporation and increased sales of mortgages, including exchanges of mortgages for Government bonds by the Federal National Mortgage Association, account for most of the increased repayments during the 3-year period.

Current levels of repayments are small when compared with current disbursements in the case of active programs with predominantly long-term loans such as the Rural Electrification Administration, the International Cooperation Administration, the Development Loan Fund, or the college housing loan program of the Community Facilities Administration. On the other hand, repayments substantially exceed disbursements in the case of liquidating programs, such as the loan to the United Kingdom, and relatively inactive programs such as loans and advances under the Defense Production Act.

Neither current repayments nor net expenditures provide any measure of the ultimate recoverability of the loans made. As indicated in the detailed statements on individual programs, interest or premiums cover expenses and losses for many programs. In some, the legislative mandates make losses probable from time to time, such as the nonrecourse loans of the Commodity Credit Corporation and the loan-guaranty programs of the Veterans Administration.

LOANS OUTSTANDING AND GUARANTIES IN FORCE

The best index of the level of Federal credit programs over a period of years is provided by the total of the outstanding loans, guaranties, and insurance in force.

Outstanding loans by the end of 1960 are estimated at \$22.6 billion, about \$4.1 billion more than at the end of 1958. About 40% of the increase over the 2 years is in foreign loans by the Export-Import Bank, the International Cooperation Administration, and the Development Loan Fund. Increased housing loans, especially mortgage purchases by the Federal National Mortgage Association, account for most of the remainder. Slightly less than one-half of the loans outstanding are to foreign

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

borrowers, including the loan of \$3.4 billion to the United Kingdom, loans of \$3.6 billion by the Export-Import Bank, and \$3.3 billion by the International Cooperation Administration.

Guaranties and insurance in force are estimated to increase to \$82.3 billion by the end of 1960. The increase of about \$24 billion since the end of 1958 reflects primarily increased guaranties and insurance of mortgage loans by the Federal Housing Administration and the Veterans Administration. These two programs account for more than 90% of all outstanding guaranties and insurance, and most of the remainder are obligations guaranteed by the Public Housing Administration.

The amounts shown include both the guaranteed and unguaranteed portion of outstanding loans in order to give a clearer picture of the economic impact of these programs and to tie in better with banking statistics. They do not, however, indicate the estimated contingent liability of the Federal Government, which is shown in table 6. The major program for which the contingent liability differs materially from the principal amount of the loans is the veterans loan guaranty program. By the end of 1960, the Government liability will be about \$18.5 billion lower than the outstanding amount of such loans.

TABLE 4.—Outstanding loans, guaranties and insurance for major Federal credit programs classified by agency or program

[In millions]

Agency or program	1958 actual		1959 estimate		1960 estimate	
	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance	Direct loans and investments	Guaranties and insurance
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$2,503		\$3,246		\$3,303	
Urban Renewal Administration.....	69	\$131	70	\$221	71	\$326
Community Facilities Administration.....	386		643		859	10
Federal Housing Administration.....	295	23,408	309	32,625	329	37,673
Public Housing Administration.....	91	3,110	102	3,384	102	3,699
Veterans Administration.....	852	30,727	1,072	32,500	1,244	38,670
Department of Agriculture:						
Rural Electrification Administration.....	2,774		2,989		3,210	
Farmers' Home Administration.....	858	172	939	201	904	232
Commodity Credit Corporation.....	1,172	428	1,973	363	1,159	192
Department of Commerce:						
Maritime Administration.....		79		255		450
Civil Aeronautics Board.....		1		20		37
Interstate Commerce Commission.....				120		262
Expansion of defense production.....	244	351	231	323	204	287
Small Business Administration.....	232	48	396	73	564	96
Department of Health, Education, and Welfare.....			14		54	
Treasury Department: Loan to United Kingdom.....	3,470		3,419		3,367	
Export-Import Bank.....	2,987	56	3,401	30	3,637	265
Department of State: International Cooperation Administration.....	2,519		2,864		3,260	
Development Loan Fund.....	2		125	25	322	75
Total by type of assistance.....	18,454	58,515	21,793	70,140	22,589	82,274
Grand total.....	76,969		91,933		104,863	

The probability that the Government will be called upon to take over any substantial part of the guaranteed or insured portion of outstanding loans is small, except possibly in a national financial emergency. Sizable assets are available to minimize any potential losses. Moreover, in the case of most mortgage insurance programs charging premiums, income in the past has been sufficient not only to cover expenses and current losses, but also to build up substantial reserves.

NEW COMMITMENT AUTHORITY

New commitment authority includes any additional loan or loan guaranty authority made available or recommended. There are several kinds of new commitment authority. Budget authorizations are those included in budget totals of new obligational authority; they consist either of appropriations or of authorizations to expend from public debt receipts. Other authorizations, which do not normally give rise to budget expenditures, consist of insurance and guaranty authorizations and conditional authorizations which become available only under specified conditions.

Table 5 summarizes new commitment authority of the 19 major credit programs which will need additional authority during the period. New commitment authority required for 1960 is estimated at \$11.6 billion, compared to \$13.1 billion in 1959. The Federal Housing Administration will require considerably less new insurance authority in 1960 because the proposed change to an indefinite authorization makes it necessary to provide new authority only for the excess of net commitments over the unused authority available from prior years. On the other hand, the authority required by the Veterans Administration will increase with the expected rise in the number of loans guaranteed from 250,000 in 1959 to 600,000 in 1960, arising from the increased availability of private funds with the more flexible interest rates proposed.

TABLE 5.—New commitment authority for major Federal credit programs classified by type of authorization, agency, or major program

[In millions]

Agency or program	1958 actual		1959 estimate		1960 estimate	
	Budget authorizations	Other	Budget authorizations	Other	Budget authorizations	Other
Housing and Home Finance Agency:						
Federal National Mortgage Association.....	\$3,015					
Urban Renewal Administration.....						\$94
Community Facilities Administration.....	175		\$200			100
Federal Housing Administration.....		\$4,024		\$6,043		2,447
Public Housing Administration.....		135		250		260
Veterans Administration:						
Direct loans.....	50		150		\$150	
Loan guaranties and insurance.....		1,148		1,625		4,150
Department of Agriculture:						
Rural Electrification Administration.....	239		409		215	
Farmers' Home Administration.....	209	150	209	150	173	150
Commodity Credit Corporation.....	1,240		1,760		2,110	
Civil Aeronautics Board.....		5		17		18
Interstate Commerce Commission.....				500		
Expansion of defense production:						
Direct loans and advances.....			325			
Guaranties of defense production loans.....		120		97		78
Small Business Administration.....	120	19	200	49	200	54
Department of Health, Education, and Welfare.....			38		38	
Export-Import Bank.....	2,000	3		130		140
Department of State: International Cooperation Administration.....	136	210	61	270	n. a.	481
Development Loan Fund.....	300		625		700	
Total by type of authorization.....	7,484	5,814	3,977	9,131	3,586	7,972
Grand total.....	13,298		13,108		11,558	

New commitment authority for most credit programs is provided by Congress in the basic legislation rather than in appropriation acts. For example, the lending authority of the Export-Import Bank, the borrowing authority of the Commodity Credit Corporation and the

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

Public Housing Administration, and the various mortgage insurance authorizations of the Federal Housing Administration are all prescribed in the statutes governing these programs. Since new commitments can generally be financed out of uncommitted balances of prior authorizations, or out of funds made available by collections on outstanding loans, requests for new commitment authority in any one year are limited to relatively few credit programs. For example, in 1960, new commitment authority is requested for only nine major programs—the Rural Electrification Administration, the Farmers' Home Administration, the Small Business Administration, the Community Facilities Administration, the Federal Housing Administration, the Department of Health, Education, and Welfare, the Veterans Administration, the Development Loan Fund, and the International Cooperation Administration; in addition, restoration of capital impairment is requested for the Commodity Credit Corporation.

In several important cases, the authority provided by the basic statute is indefinite. The most important examples are guaranties and insurance of loans by the Veterans Administration, guaranties of defense production loans under section 301 of the Defense Production Act, and indirect guaranties of local housing authority obligations issued on the security of annual contribution contracts of the Public Housing Administration. The President is also recommending the removal of limits on the general mortgage insurance authority of the Federal Housing Administration (excluding armed services housing). In these cases, the tabulations show new authorizations equal to the net amount of the guaranteed or insured portion of new commitments.

A second type of new authority indefinite in amount exists in the case of loan programs where the authority can also be used for grants, purchase commitments, or other nonlending purposes. Major examples during the 3-year period are the programs of the Commodity Credit Corporation and mutual security loans by the International Cooperation Administration. In these programs all the new obligational authority provided could legally be used for loans, but is not likely to be so used. Mutual security loans by the International Cooperation Administration in the 3-year period account for only a relatively small part of the total assistance program, so that it would be misleading to include the total amount of the mutual security program as new obligational authority for loan assistance. The data, therefore, show amounts for new authority adequate to finance estimated new commitments. Loans and guaranties by the Commodity Credit Corporation account for a substantial part of its price-support program. Its total new obligational authority for price support operations is, therefore, included, even though some of it will be used for nonlending purposes.

STATUS OF CREDIT AUTHORITY

Unlike most other Government programs, commitment authority for the major credit programs is not normally provided for a single year, but remains available in most instances until utilized or until the statutory authority for the program expires. Hence, with only a few exceptions, the existing authority represents the cumulative total of amounts made available in prior years.

Cumulative net authority.—Three major types of commitment authority are provided for Federal credit programs. A majority of the major programs operate on a revolving-fund basis; that is, collections on outstanding loans and expirations of insurance commitments permit reuse of the original authority. Limitations on such programs are ordinarily in terms of maximum amounts of loans outstanding, maximum borrowings from the Treasury, or maximum amounts of insurance or guaranty liability. Leading examples include all lending programs of Government corporations and, under present law, the insurance programs of the Federal Housing Administration.

In the case of several noncorporate loan and loan insurance programs, a maximum limitation is placed upon the total volume of loans and loan insurance commitments. Funds collected on such loans and expirations of such insurance are not available for reuse. The most important examples are the direct loan programs of the Rural Electrification Administration and the direct loan and insurance programs of the Farmers' Home Administration. The President has proposed that these programs be put on a revolving-fund basis.

A few programs are not governed by any specific dollar limitations. These are limited only indirectly by the provisions of the statute or of the agency's regulations governing eligibility for Federal credit assistance. The amount committed depends primarily on the number of applications. The most important example is the loan guaranty and insurance program of the Veterans Administration. The loan guaranties authorized under section 301 of the Defense Production Act are also not specifically limited.

In the case of both the Commodity Credit Corporation and lending programs under the Defense Production Act, loans are financed from obligational authority which also finances nonlending programs. For the purposes of this analysis, the net authority available at the beginning of the year for these loan programs is set equal to the total available authority after deducting authority committed for nonlending programs. An exception is made for the mutual security loans by the International Cooperation Administration, because they account for only a small and indefinite part of the total assistance given under the mutual security program in recent years and in 1960; the authority at the beginning of the year is, therefore, shown as equal to loans outstanding and undisbursed commitments at the beginning of the year.

SPECIAL ANALYSIS E—Continued
FEDERAL CREDIT PROGRAMS—Continued

TABLE 6.—*Status of credit authority for major Federal credit programs classified by agency or program*
[In millions]

	1958 actual	1959 estimate	1960 estimate								
			1960 total	Housing and Home Finance Agency	Veterans Adminis- tration	Depart- ment of Agricul- ture	Expansion of defense production	Small Business Adminis- tration	Transpor- tion loans ¹	Depart- ment of Health, Educa- tion, and Welfare	Internat- ional loans ²
Cumulative net commitment authority at beginning of year:											
Definite limitation.....	\$56,068	\$67,163	\$38,445	\$14,920	\$930	\$8,689	\$500	\$524	\$1,500	\$38	\$11,344
Indefinite limitation.....	23,125	23,683	60,403	38,612	17,935	-----	366	65	20	-----	3,405
New commitment authority during year:											
Definite limitation.....	11,498	10,566	3,836	100	150	2,648	-----	200	-----	38	700
Indefinite limitation.....	1,800	2,542	7,722	2,801	4,150	-----	78	54	18	-----	621
Adjustments.....	-1,645	-5,106	-6,603	-564	-1,173	-4,394	-331	-35	-13	-1	-92
Cumulative net authority at end of year.....	90,846	98,848	103,807	55,869	21,992	6,943	613	808	1,525	75	15,982
Cumulative charges against authority:											
Loans and investments:											
Outstanding.....	18,454	21,793	22,587	4,664	1,244	5,273	204	564	-----	54	10,586
Undisbursed commitments.....	4,564	5,132	5,076	1,227	65	853	-----	111	-----	21	2,799
Guaranties and insurance:											
In force.....	44,700	54,769	63,690	41,708	20,183	424	223	67	745	-----	340
Commitments outstanding.....	6,342	5,125	4,978	4,265	500	10	105	16	82	-----	-----
Total charges against authority.....	74,060	86,820	96,335	51,864	21,992	6,560	532	758	827	75	13,727
Uncommitted authority, end of year.....	16,786	12,028	7,472	4,005	-----	383	81	50	698	-----	2,255

¹ Includes Department of Commerce (Maritime Administration), Civil Aeronautics Board, and Interstate Commerce Commission.

² Includes Export-Import Bank, Treasury Department (loan to the United Kingdom),

State Department (International Cooperation Administration), and the Development Loan Fund.

Credit authority available at the beginning of 1960 is estimated at \$98.8 billion (see table 6). New commitment authority of \$11.6 billion is estimated to become available during the year. On the other hand, estimated expirations, certain repayments, and other reductions in outstanding authority amount to \$6.6 billion. The net authority available at the end of 1960 is, therefore, estimated at \$103.8 billion.

Charges against authority.—In addition to the \$86.2 billion of outstanding loans and guaranties (shown in detail in table 4 but excluding here the portion of those private loans not guaranteed or insured by the Federal Government which do not constitute a charge against the authority), charges against the available authority include undisbursed commitments. These are expected to total \$10.1 billion on June 30, 1960, for loans and guaranties together.

Uncommitted authority.—For major Federal credit programs as a whole, commitment authority at the end of 1960 is estimated to exceed charges against the authority by \$7.5 billion. Of this unused authority, 53% is accounted for by several programs administered by the Housing and Home Finance Agency, including \$2.3 billion in unused Treasury borrowing authority of the secondary market activity of the Federal National Mortgage Association. A reduction of \$2.4 billion in uncommitted authority of the Federal Housing Administration accounts for about half of the decline of uncommitted authority between 1959 and 1960.

Since the indefinite authority of loan guaranty programs not subject to specific limitations is shown as equal to charges against the authority, the total uncommitted authority in table 6 does not reflect the fact that these guaranty programs could be expanded substantially under

present available authority. As a result of the President's proposal to remove the limits on the insurance authority of the Federal Housing Administration in 1960, the cumulative authority subject to definite limitation will decrease to 44% in 1960. However, this includes almost all programs involving major budget expenditures.

Since this analysis is limited to major active or liquidating credit programs, substantial amounts of uncommitted standby authority of other programs are excluded. The most important examples are the \$3 billion borrowing authority for the Federal Deposit Insurance Corporation, \$1 billion for the Federal home-loan banks, and \$750 million for the Federal Savings and Loan Insurance Corporation. These are unlikely to be used unless a national financial emergency occurs.

QUASI-PUBLIC CREDIT PROGRAMS

The Federal Government also has a measure of responsibility for the credit programs of certain mixed-ownership corporations and other public agencies operating in whole or in part with private funds. The most important are the Federal intermediate credit banks, the banks for cooperatives, the Federal land banks, the Federal home-loan banks, and the Federal Reserve banks. The secondary mortgage market activity of the Federal National Mortgage Association—also financed in part with private funds—is discussed with the other programs of the Association in the next section.

The 12 regional banks for cooperatives make loans to agricultural cooperatives. Most of the stock in the banks is still owned by the Federal Government and the banks are supervised by the Farm Credit Administration.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

TABLE 7.—*Outstanding loans for major quasi-public credit programs classified by agency and program*

[In millions]

Agency	June 30, 1957	June 30, 1958
Farm Credit Administration:		
Banks for cooperatives.....	\$384	\$408
Federal intermediate credit banks.....	999	1,227
Federal land banks.....	1,870	1,980
Federal Home Loan Bank Board: Federal home-loan banks.....	1,079	929
Federal Reserve Board of Governors: Federal Reserve banks.....	559	42
Housing and Home Finance Agency: Federal National Mortgage Association (secondary market operations).....	1,248	1,394
Total.....	6,139	5,989

The 12 Federal intermediate credit banks extend credit to production credit associations and privately capitalized farm-lending institutions by discounting short-term notes to help finance the production needs of farmers. To finance their operations, the banks sell short-term debentures to the public. The banks may have obligations outstanding of not more than 10 times their capital and surplus. In accordance with the Farm Credit Act of 1956, provision was made for the retirement of Government capital in the banks and for their eventual ownership by the production credit associations.

The 12 Federal land banks are now privately owned, but are sponsored by the Government and operate under the supervision of the Farm Credit Administration. These banks provide mortgage credit to farmers at reasonable interest rates through individual national farm loan associations.

The 11 Federal home-loan banks are also now privately owned, but are supervised by the Federal Home Loan Bank Board and have authority to borrow \$1 billion from the Treasury, if necessary. These banks make both short-term and long-term advances to member savings and loan associations on the security of home mortgages or Treasury obligations, as well as unsecured short-term loans.

All of the stock in the 12 Federal Reserve banks is provided by the member banks, but the policies of the Federal Reserve System are controlled by the presidentially appointed Board of Governors. Moreover, the Reserve banks, after paying 6% dividends to the member banks, pay 90% of their remaining profits to the Treasury, and their entire surplus reverts to the Treasury in the event of liquidation. As part of their normal central banking functions, the Reserve banks stand ready to make short-term discounts and advances for member institutions. Authority for a small program of direct loans to industry was repealed in 1958. The amount of discounts, advances, and industrial loans outstanding on June 30, 1958, was \$42 million with discounts and advances low on that date. By October 31, they were \$407 million.

MAJOR FEDERAL CREDIT PROGRAMS

HOUSING AND HOME FINANCE AGENCY

Major credit programs administered by five constituents of the Housing and Home Finance Agency are included in this analysis. In addition, there are a number of minor programs—most of which are in liquidation—which are administered in the Agency.

Federal National Mortgage Association.—Since 1954, the Federal National Mortgage Association has comprised three fiscally independent activities—special assistance functions, management and liquidating functions, and secondary market operations—under a single management.

The special assistance activity is intended to assist groups or areas otherwise unable to obtain private financing and to help prevent declines in housing activity. General authority is provided to make advance commitments, and purchases of mortgages not to exceed \$950 million outstanding at any one time. This authority in 1959 and 1960 will be largely directed toward supporting mortgages on housing in urban renewal areas and for the relocation of displaced families. The Association has, in addition, \$500 million commitment authority for mortgages on military family housing, \$200 million for cooperative housing, and \$1 billion for low-cost housing. The entire low-cost housing authorization has been committed and no new commitments are projected for 1960. Commitments for armed services family housing mortgages will drop sharply to an estimated \$15 million annually in 1959 and 1960, since these needs are now being met largely with private financing. Total mortgage purchase commitments under the special assistance program are estimated to recede from \$949 million in 1958 and \$926 million in 1959 to \$437 million in 1960. The mortgage portfolio at the end of 1960 is estimated at \$1.6 billion.

The management and liquidating functions of the Association consist of the liquidation of the mortgages of the predecessor association. No new commitments can be made and mortgage purchase authority expires as mortgages are sold or repaid. Authority is provided to substitute private financing for Treasury borrowing through the sale of unguaranteed debentures. Purchases under outstanding commitments were completed in 1958. Mortgage sales are estimated at \$10 million during 1959 and \$335 million in 1960. Sales during the latter year will be effected through the exchange of mortgages for privately held Treasury bonds. The mortgage portfolio at the end of 1960 is estimated at \$1.6 billion.

The secondary mortgage market operations of the Association are partially privately owned and therefore are reflected in trust expenditures, rather than budget accounts. This unit helps to make mortgage funds available throughout the country at market rates of interest. It may purchase only Government-insured and guaranteed mortgages meeting the usual standards of private investors, and its operations must be self-supporting. The activity was financed initially by Government stock subscription, for which \$208 million has been authorized; private mortgage sellers are also required to buy stock, with provision for ultimate retirement of the Government stock. The Association may issue non-guaranteed debentures; the Secretary of the Treasury may purchase up to \$2,250 million of these. Mortgage purchases are expected to increase to \$663 million in 1960 over purchase levels of \$550 million in 1958 and \$527 million in 1959. Mortgage sales are estimated to decline from \$375 million in 1958 to \$95 million in each of the years 1959 and 1960. At the end of 1960 the portfolio of mortgages held will total \$2.2 billion. In 1960, as well as 1958 and 1959, purchases will be financed mainly from debentures and stock sold privately, with no net change in Government investment.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

Urban Renewal Administration.—Under the Housing Act of 1954, the Housing and Home Finance Administrator is authorized to make loans and grants to local public agencies for the planning and execution of slum clearance and urban renewal projects. Loans are made to cover the cost of project planning, for the temporary financing of project development, and for long-term financing of land leased rather than sold to redevelopers. In addition, private loans may be guaranteed through the pledge by local agencies of the Federal loan commitment. Borrowing authority of \$1 billion is available for these purposes. Legislation is being proposed to clarify the intent of the statute that guaranteed private financing be used to the maximum extent practical and to authorize Treasury borrowings in excess of \$1 billion with the approval of the President if necessary to meet guaranty commitments. Other legislative changes would authorize Federal guaranties for financing certain nonresidential projects not eligible for grants.

The level of loan activity is determined primarily by the number of projects in the development stage. Planning has been completed in an increasing number of communities, and many projects have entered the actual development stage, so that financing needs are increasing. Total commitments for loans and guaranties are estimated at \$419 million in 1959 and \$373 million in 1960, compared to \$163 million in 1958; about 70% of these are for guaranties. Net loan expenditures are expected to remain at relatively low levels because of the short-term nature of the loans, and the increasing use of guaranteed private financing in lieu of direct Federal loans.

The current interest rate on temporary direct loans is 3%. Administrative expenses are financed from a separate appropriation.

Community Facilities Administration.—The Housing Act of 1957 increased to \$925 million the authorization for long-term loans to colleges and universities for the construction of dormitories and related facilities. Legislation will be proposed to increase the Treasury borrowing authorization by \$200 million, for use during the balance of the current year. For 1960, legislation will be requested to: (1) exclude public institutions, which because of the tax-exempt nature of their obligations, are able to borrow from private sources at rates approaching those paid by Treasury on borrowings of comparable maturity; (2) guarantee private loans made to colleges which issue taxable obligations; and (3) permit increases in interest rates on direct loans sufficient to cover the cost of money to the Treasury, administrative expenses and losses. No new obligational authority will be requested for 1960; commitments for direct loans in the amount of \$54 million will be made from funds available through repayments and the sale of bonds in the portfolio.

The Housing Amendments of 1955 authorized \$100 million for loans to local governments for public facilities, such as water and sewage systems. Preference is given communities with a population of less than 10,000. Commitments under this program are estimated at \$25 million in 1959 and \$34 million in 1960. Interest rates are required to cover all expenses of the program. Under present market conditions, interest rates have been set at 4½% for general obligation bonds of 30-year maturity and 4¾% for revenue bonds of the same period, with upward

or downward adjustments for variation in the maturity period.

Federal Housing Administration.—The Federal Housing Administration is authorized to insure against default (a) the full principal amount of a wide variety of mortgage loans on new and existing housing, and (b) up to 90% of the principal amount on unsecured home-improvement loans. The basic program of insuring loans for 1- to 4-family housing accounts for the bulk of mortgage insurance activity, but insurance is also provided for mortgages on rental housing, housing under cooperative ownership, and housing on military reservations and in urban renewal areas. Approximately 16% of all outstanding home mortgages are insured by the Administration; it is estimated that these and other insured loans will increase from \$23 billion in 1958 to \$38 billion by the end of 1960.

In 1960 it is estimated that commitments will be made for insurance of mortgages on 858,500 dwelling units and for 1.2 million home-improvement loans.

The Administration's program is fully self-supporting. Insurance premiums, fees, and other income will cover all current expenses and add substantially to the reserve against future losses. Legislation is proposed to increase the general insurance authorization by \$6 billion in 1959 and to provide for the removal of limits on insurance authority for 1960 and later years. The authority to insure property-improvement loans would be made permanent. Legislation is also proposed to permit increases, if necessary, in interest rates for rental housing mortgages, as well as for cooperative housing mortgages and armed services housing mortgages, and to broaden the authority for other insurance programs.

Public Housing Administration.—Under the Housing Act of 1949, the Public Housing Administration makes loans and grants to assist local authorities in the construction of low-rent public housing. These loans and grants are made under annual contribution contracts between the Administration and local authorities. The annual contribution contracts provide for (1) loan commitments by the Administration not to exceed 90% of project development costs, and (2) the payment of annual Federal contributions over a 40-year period to cover debt service on the bonds used to finance the project permanently.

Loan commitments under annual contribution contracts are either disbursed as direct Federal advances or used to guarantee private temporary loans. Most frequently, a direct Federal advance is made initially and later refunded with guaranteed financing. Ordinarily long-term bonds are sold to private investors prior to completion of construction, and all temporary financing, both direct and guaranteed, is retired. However, under some circumstances, the period of temporary financing may be indefinitely extended. The Administration's borrowing authority for these purposes is \$1.5 billion. The volume of temporary financing will increase somewhat in the current year as a result of the larger number of units in development and decrease slightly in 1960 with the expiration of the authorization for additional annual contribution contracts.

Prior to completion of construction, the units are permanently financed by the local housing authority through the sale of 40-year serial bonds to private investors. While not directly guaranteed by the Federal Government, these local housing authority bonds are treated in this

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

analysis as guaranteed obligations by virtue of the Government contract to pay annual contributions covering debt service. The outstanding permanent financing is expected to increase from \$2.3 billion at the end of 1958 to \$2.7 billion by the end of 1960, reflecting the completion and permanent financing of units started in earlier years.

On direct Federal loans, local authorities paid in December 1958 an interest rate of 3.125%. In the past year, interest rates on private guaranteed temporary loans averaged 1.748%, while guaranteed long-term loans had an interest cost of approximately 2.887%.

VETERANS ADMINISTRATION

This analysis includes the loan guaranty and insurance programs, and the direct housing-loan program. It excludes minor lending activities of the Veterans Administration, such as policy loans made by the veterans life insurance funds and a few very small inactive programs.

Loan guaranties and insurance.—The Administrator of Veterans Affairs guarantees housing, business, and farm loans made by private lenders to veterans of World War II and the Korean conflict. The World War II authority expires on July 25, 1960, but the authority for veterans of the Korean conflict continues until 1965.

The maximum interest rate on guaranteed loans is designated by the Administrator of Veterans Affairs within limits set by law. The current rate of 4¾% represents the statutory maximum. Since it has not kept pace with prevailing market rates, the supply of private mortgage funds for this program has been limited. To meet this problem, the President proposes legislation to provide administrative discretion to set the interest rate on veterans loans on the same basis as the rates on similar loans insured by the Federal Housing Administration.

Up to June 30, 1958, approximately 5,425,000 loans of all types had been guaranteed, of which 95% were for homes, 4% for businesses, and 1% for farms; housing loans currently account for approximately 99% of new commitments. Under the more flexible interest rate proposed, it is estimated that the number of loans guaranteed annually will increase from about 250,000 in 1959 to 600,000 in 1960. There is no statutory limit on the aggregate amount of loans. It is estimated that approximately \$39 billion will be outstanding by the end of 1960.

The Government is liable for all losses on most loans up to 60% of the outstanding principal amount, or \$7,500, whichever is less. No charge is made by the Government for its guaranty. Administrative expenses are paid from the general operating expenses appropriation of the Veterans Administration and claims are paid from a general appropriation for veterans readjustment benefits. Net losses on claims paid up to June 30, 1958, amounted to about \$42 million, or less than 1% of loans guaranteed and insured since the program's inception.

Direct housing loans.—In areas where the loan guaranty program is ineffective because of lack of private lending, the Administrator of Veterans Affairs may make loans directly to veterans for the purchase, construction or improvement of homes (including farm housing). The statutory interest ceiling is 4¾%, but the President's proposal for more flexible rates on guaranteed loans would also have the effect of varying the direct loan rate. Loans outstanding amounted to \$692 million on June 30, 1958.

In view of the more flexible interest rate proposed for guaranteed loans, the number of new direct loans in 1960 is expected to decline from the high levels of 1958 and 1959. No new commitments can be made after July 25, 1960, the termination date for the direct loan program.

DEPARTMENT OF AGRICULTURE

Three major credit programs of the Department of Agriculture are included in this analysis.

Rural Electrification Administration.—Since 1935, the Rural Electrification Administration has been making loans with 35-year maturities, chiefly to cooperatives, to provide electric service to farms and other rural establishments. Beginning in 1950, similar loans have been made to finance construction and improvement of rural telephone systems.

New obligational authority is provided annually in the budget to finance these programs. New commitments for 1960 will be \$325 million; this is a reduction of \$48 million from 1959, arising primarily from the President's legislative proposal to assist borrowers to obtain private financing. Most of the loan disbursements in 1960 will arise from commitments made in previous years; undisbursed commitments of \$847 million at the end of 1960 will be reflected in disbursements in later years.

Interest rates are set by statute at 2%, substantially below the present cost of long-term money to the Treasury of about 3¾%. Administrative expenses are financed by a separate appropriation. The President recommends that the 2% rate be replaced by a rate which will cover the current cost to the Treasury of equivalent term borrowing plus other reasonable costs. Collections of principal and interest are deposited in miscellaneous receipts of the Treasury, but the President recommends that the Administration be shifted to a revolving-fund basis, with repayments becoming available for new loans.

Farmers' Home Administration.—The Farmers' Home Administration makes loans to farmers unable to obtain credit on terms within their means from other sources for operating expenses and crop production, farm ownership and improvement, farm housing, and for soil and water conservation activities. Loans are intended to strengthen the family-type farm and encourage better farming methods. These loan programs are financed by annual authorizations, except that housing loans are financed from a 1957 authorization of \$450 million. The Administration may also insure a maximum of \$125 million a year in long-term mortgage loans under the farm ownership program and a maximum of \$25 million a year under the soil and water loan program.

New direct loans are expected to amount to \$185 million in 1960, compared with \$269 million in 1959. The reduction reflects an anticipated increase in private lending.

The interest rate on farm operating loans, which constitute the largest number of direct loans, is 5%; this is the legal maximum. Interest rates on direct farm ownership and soil and water loans have been set at 4½%. The maximum rate stipulated by law for farm ownership loans is 5%; no maximum rate is set for the soil and water loans. The Secretary of Agriculture has recently increased interest rates on insured farm ownership and soil and water loans from 4½% to 5%, which is the statutory maximum; of this, one-half of 1% represents insurance premiums and one-half of 1% a charge for administration.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

Interest rates on farm housing loans have been set at 4%, the maximum provided by law.

Administrative expenses of the Farmers' Home Administration are covered by separate appropriations. Collections of interest and principal go into miscellaneous receipts of the Treasury, but the President recommends a shift to a revolving-fund basis.

The Farmers' Home Administration also administers a revolving fund from which emergency loans may be made to farmers and stockmen suffering from production disasters and unable to obtain credit on reasonable terms from other sources. The interest rate is 3% on all loans except special livestock loans, on which the rate is 5%. New commitments in 1960 are expected to be \$49 million, which is \$10 million less than in 1959, and repayments are estimated to exceed disbursements in both 1959 and 1960.

Commodity Credit Corporation.—In carrying out the Government's program of supporting prices of agricultural commodities, the Commodity Credit Corporation makes direct loans to farmers and guarantees loans made by private lending agencies. Loans and guaranties enable farmers to market their commodities at prices in line with the standards set forth in law. Loans are backed by commodities and borrowers may discharge their obligations without personal liability by turning over pledged commodities to the Corporation. These forfeitures of collateral are treated as repayments of loans in this analysis. The Corporation also makes loans for the construction or improvement of farm-storage facilities.

No increase is being requested in 1960 in the Corporation's existing borrowing authority of \$14.5 billion. However, new authority to incur obligations of \$3.4 billion is requested for 1960, which includes \$2.1 billion to restore the capital impairment of the Corporation resulting from price support losses and \$1.3 billion to reimburse the Corporation for estimated costs and losses under other programs financed through that agency, such as the sales of surplus agricultural commodities for foreign currencies.

New loan and loan guaranty commitments in 1960 are estimated at \$2,068 million, which is \$1,590 million less than the estimate for 1959. This reduction reflects mainly the shift in emphasis from a loan to a purchase program in the case of cotton, as a result of the Agricultural Act of 1958. Repayments of direct loans in 1960 are estimated at \$3,047 million, \$815 million more than estimated disbursements.

There are no statutory limits on interest rates. Interest rates on 1958 crop loans will be continued at 3½%. This rate is charged the borrower only if the loan is repaid in cash; if repaid by surrender of collateral, no interest is charged. For loans disbursed by private lending agencies a certificate of interest is issued by the Corporation with an interest rate of 2½%.

DEPARTMENT OF COMMERCE

Maritime Administration.—The Secretary of Commerce is authorized by title XI of the Merchant Marine Act of 1936, as amended, to insure private construction loans and mortgages on most types of cargo and passenger-carrying vessels. The objective of this program is to facilitate private financing of construction, conversion, or

reconditioning of vessels. The mortgages or loans may not exceed 75% of the cost to the purchaser of vessels built with Federal subsidies and 87½% of the construction costs of nonsubsidized vessels. The Government may insure up to 100% of the amount of the ship mortgage. The aggregate unpaid principal amount of insured mortgages and loans outstanding at any one time may not exceed \$1 billion.

Because of the acceleration of the ship replacement program for the merchant marine, insured loans in force will increase from \$79 million in 1958 to an estimated \$450 million in 1960.

The maximum interest rate on guaranteed loans is set by statute at 5%, but the Secretary of Commerce has authority to increase the limit to 6% if private financing is not available at a lower rate. Insurance premiums are three-eighths of 1% per annum on construction loans and three-fourths of 1% per annum on mortgage loans. There has been one default since the inception of the program.

CIVIL AERONAUTICS BOARD

The Civil Aeronautics Board is authorized under Public Law 85-307 to guarantee loans for aircraft purchases by local service and other small airlines. Twenty-nine airlines are presently eligible for these loan guaranties, including domestic local carriers and carriers providing services to and within the Territories and metropolitan helicopter service.

The act authorizes the Board to guarantee loans up to \$5 million per airline; the guaranty may not exceed 90% of the loan. Guaranties may be made only if the Board finds that the air carrier would not otherwise be able to obtain funds for the purchase of aircraft upon reasonable terms, and only if the aircraft purchased will improve service and efficiency. New commitments in 1960 are estimated at \$20 million. The authority of the Board to guarantee these loans will expire in 1962.

A guaranty fee of .375% of the unpaid balance of the guaranteed portion of the loan is charged to reimburse the Government for the costs of the program's administration.

INTERSTATE COMMERCE COMMISSION

The Transportation Act of 1958 authorizes the Interstate Commerce Commission to guarantee against loss of principal or interest, either in whole or in part, loans to railroads to finance the acquisition, construction, or maintenance of road, property, or equipment. The aggregate principal amount of loans guaranteed is limited to \$500 million. The authority will expire on March 31, 1961, except for applications then pending.

There is no statutory ceiling on the interest rate private lenders may charge, but the Commission is required to find that the rate is not unreasonably high. A guaranty may be granted only if necessary funds on reasonable terms are not otherwise available, and if there is reasonable assurance of repayment.

No loans have yet been guaranteed. The budget assumes new commitments of \$150 million in 1960. The statute provides for a guaranty fee, which shall not exceed the administrative expenses of the program. Actual rates for this fee have not yet been established.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

EXPANSION OF DEFENSE PRODUCTION

Under the Defense Production Act, the President is authorized to make loans or advances and to guarantee loans for expansion of defense production. Several agencies participate in these programs.

Loan guaranties.—Under section 301 of the Defense Production Act, the three military departments of the Department of Defense, the Departments of Commerce, the Interior, and Agriculture, the Atomic Energy Commission, and the General Services Administration are authorized to guarantee loans by public or private financing institutions to defense contractors and subcontractors. The Federal Reserve banks act as fiscal agents for the guaranties of private loans, and the procedure is governed by the Federal Reserve Board's regulation V. No specific limitation is placed on the amount of loan guaranties.

From the beginning of the program in September 1950 to the end of December 1958, more than 1,500 V-loans, totaling \$3.1 billion were authorized by the procurement agencies. More than 90% of the guaranties have been authorized by the Departments of the Air Force, the Army, and the Navy, primarily to speed the production of aircraft and aircraft parts, electronics and communication equipment, tanks, weapons, and ammunition. Guaranties by the General Services Administration to expand production of basic materials and metals and machine tools account for nearly all of the remainder. New commitments are expected to decline to \$95 million in 1960, compared to \$121 million in 1959 and \$162 million in 1958.

To cover administrative expenses and possible losses, charges are made for guaranties, the rate depending upon the portion of the loan guaranteed. This portion has averaged about 75%. The guaranteed portion of loans must be purchased by the procurement agency upon request of the lender. So far, income has substantially exceeded expenses. There is no statutory limit on the interest rate which financing institutions may charge, but a maximum interest rate of 6% and a commitment fee of one-half to 1% have been set administratively.

Loans and advances.—Under section 302 of the Defense Production Act, the President is authorized to make direct loans or to participate in private loans for the expansion of industrial capacity, development of technological processes or production of essential materials. The President has delegated this authority for loans to domestic borrowers to the Treasury Department and for foreign loans to the Export-Import Bank. Under section 303 of the same act, the General Services Administration has made advances on purchase commitments for strategic minerals and metals and industrial equipment. Outstanding loans will decline to \$196 million by the end of 1960. No new commitments were made in 1958 and none is expected in 1959 and 1960, since most of the planned expansion is already underway. The new authority of \$325 million requested for 1959 will be used to finance nonlending activities exclusively.

There is no statutory limitation on the interest rate. Rates charged on both loans and advances have been generally 5%. No ultimate net cost is expected.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration, created in 1953, was strengthened considerably in 1958 when it became a permanent agency of the Government, and when the Small Business Investment Act broadened its authority substantially. The agency has four basic loan programs: (a) loans to small businesses; (b) loans to victims of disasters; (c) purchases of debentures of and loans to small business investment companies; and (d) loans to State and local development companies. In addition, it is liquidating some of the loans made by the former Reconstruction Finance Corporation.

The Small Business Act authorizes business loans up to a total of \$500 million outstanding at any one time, and an increase of \$200 million is recommended so that loans may continue to be made in 1960. The maximum loan to any one borrower is \$350,000, and the maximum maturity generally 10 years. Loans may be made only if financial assistance is not available from private sources on reasonable terms, and only if there is reasonable assurance of repayment. Moreover, direct loans are made only when participation from private banks cannot be secured. Two-thirds of the loans made so far have been made jointly with private banks. The law provides for an interest rate of no more than 5%, which is the current rate. It is anticipated that 6,900 loans will be approved in 1960 and 6,260 in 1959, compared with 4,014 in 1958.

The Administrator has broad authority to make loans to victims of disasters in areas which he has so designated. There is no limit on the amount that may be loaned to each borrower, but the aggregate amount outstanding at any one time may not exceed \$125 million. Disaster loans may have maturities up to 20 years. Interest rates are set by law at not to exceed 3%.

The Small Business Investment Act authorizes the Administration to purchase subordinated debentures of small business investment companies up to a maximum of \$150,000 for each such company. In addition, the agency may lend to small business investment companies up to 50% of the paid-in capital and surplus of the company. No legislative limitation is placed on the interest rates charged, but a rate of 5% has been established administratively. The maximum maturity has been fixed administratively at 20 years; in the case of loans, it may be extended for longer periods. New commitments in 1960 are estimated at \$57.5 million, compared to \$40 million in 1959.

The Small Business Investment Act also authorizes loans to State and local development companies. The amount of general purpose loans to State development companies may not exceed the total amount borrowed and outstanding by such a company from other sources. Interest rates and maximum maturities are not limited by statute, and have been fixed administratively at 5% and 20 years, respectively. Loans may also be made to State and local development companies for plant construction, conversion and expansion, if they assist an identifiable small-business concern. The maximum amount of such loans is \$250,000 for each concern. Participation by private sources and by the development company itself

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

in such financing is encouraged, and the agency will make loans only if funds are not available from these sources. The interest rate is fixed administratively at $5\frac{1}{2}\%$, and the statutory maximum maturity is generally 10 years. New commitments for this program in 1960 are estimated at \$15 million, compared to \$10 million in 1959.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education.—Title II of the National Defense Education Act of 1958 (72 Stat. 1580–1605) authorizes the Commissioner of Education to enter into agreements with institutions of higher education to establish student loan funds. The Federal capital contribution provides up to 90% of these funds, with the remainder by the institutions. The funds are used for loans to students needing financial assistance to continue their education. The interest rate is set by statute at 3%. Loans are repayable over an 11-year period beginning 1 year after the borrower ceases to be a full-time student. Up to 50% of a loan, plus interest, will be canceled if the borrower becomes a teacher in a public elementary or secondary school.

In 1967 the balances in the funds will be distributed; the Federal Government will receive an amount proportional to its contribution. Thereafter, additional amounts repaid to the fund will be distributed in a similar manner.

The Commissioner is also authorized to make loans to institutions for all or part of their required capital contribution, if they are unable to secure funds from other sources on reasonable terms. Such loans have a maximum maturity of 15 years, with an interest rate adequate to cover (a) the cost of funds to the Treasury, (b) the cost of administration, and (c) probable losses.

Also authorized by the National Defense Education Act are loans to nonprofit, private elementary and secondary schools for the acquisition of equipment for science, mathematics, and foreign language instruction. Such loans may not exceed a maturity of 10 years and bear an interest rate equal to the current average yield on all outstanding marketable obligations of the United States plus one-quarter of 1%.

New commitments for the three programs are estimated at \$38 million for both 1959 and 1960. Of this, \$30 million is for Federal contributions to student loan funds. Expenditures will increase from \$14 million in 1959 to \$40 million in 1960.

TREASURY DEPARTMENT

The only credit program administered by the Treasury Department and included in this analysis is the 1947–48 loan to the United Kingdom. The Treasury Department is also authorized to make civil defense loans, up to \$250 million outstanding at any one time, upon certification by the Director of Civil and Defense Mobilization; however, no new loans for civil defense purposes have been made since December 1955, and none are anticipated for 1959 and 1960. Treasury is also liquidating several other loan programs, including part of the former Reconstruction Finance Corporation.

Loan to the United Kingdom.—A loan of \$3,750 million was made to the United Kingdom in 1947 and 1948. It is a 50-year loan at 2% interest. Repayments of principal are deposited directly into miscellaneous receipts and are not available for new loans. In accordance with the

agreement of March 6, 1957, between the United States Government and Great Britain, approved by the Congress, the interest payment and the repayment of principal for 1958 were deferred to provide relief for the United Kingdom from international exchange pressures. It is anticipated that payments for 1959 and 1960 will be made on schedule.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank is the principal foreign-lending agency of the Government. Its total loan and loan guaranty authority is \$7 billion; of this, \$100 million may be used to insure American exporters against certain risks of expropriation and confiscation. The bank's major goal is the expansion of trade between the United States and foreign countries. It extends loans to finance American exports and imports and to develop sources of strategic materials, and to promote the economic development of underdeveloped countries. The bank also makes loans to foreign governments to meet certain emergencies which otherwise would disrupt the normal flow of trade with the United States.

In 1958, the bank started making loans in certain foreign currencies to private firms for economic development and trade expansion. The foreign currencies become available as part of the proceeds of United States surplus agricultural commodity sales abroad under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480).

The bank's operations are intended to supplement private capital. Accordingly, it does not finance projects or exports for which private financing is normally available and, wherever possible, emphasizes guarantees of private loans, rather than the making of loans directly. The high level of domestic demand for private capital has restricted private participation, but greater success in obtaining private financing for loans covered by the bank's guaranty is anticipated in 1959 and 1960.

Interest rates and other loan terms are set upon advice of the National Advisory Council on International Financial and Monetary Problems. In general, the bank charges 2% more than the yield of United States Government securities with comparable maturities; rates on long-term unguaranteed loans are usually somewhat higher. The current interest rates range from 5% to 6%. Loan maturities vary from 12 or more months on export credits to a number of years on development project loans. Losses have been small and income is more than adequate to cover costs; reserves amounting to \$509 million on June 30, 1958, have been set aside for future contingencies. Annual dividends in lieu of interest are being paid to the Treasury at the rate of $2\frac{1}{4}\%$ on capital stock.

New commitments of \$1,345 million are anticipated in 1960, about the same as in 1959; of this, \$140 million is in foreign currencies and is, therefore, not reflected in budget expenditures. Net expenditures will decline to \$236 million as a result of increased repayments including sale of part of the portfolio to private investors. Excluding foreign currency transactions, the excess of new loans over repayments in 1960 will be \$86 million. This can be entirely financed from net operating revenues without requiring further borrowing from the Treasury.

SPECIAL ANALYSIS E—Continued

FEDERAL CREDIT PROGRAMS—Continued

DEPARTMENT OF STATE

The International Cooperation Administration in the Department of State makes loans under the Agricultural Trade Development and Assistance Act, 1954, as amended (Public Law 480), and under the mutual security program.

Under title I of the Agricultural Trade Development and Assistance Act, the President may enter into agreements to use the foreign currencies which accrue from the sale of surplus agricultural commodities for loans to promote multilateral trade and economic development. Strategic materials, services, or foreign currencies may be accepted in repayment of such loans. Most of the sales agreements under the program have provided for loans for development projects within the country. A portion of these loans made to foreign governments is in turn reloaned to private enterprise. In general, the terms of loans under this program are similar to those under the mutual security program discussed below.

The International Cooperation Administration also makes the bulk of the loans extended under the mutual security program, the authority for which is in the President. The Administration and its predecessor organizations—the Foreign Operations Administration, the Mutual Security Administration, the Economic Cooperation Administration, and the Technical Cooperation Administration—have made loans to foreign governments as part of a broad program to assist in the restoration of economic stability and to promote the economic development of underdeveloped areas in the free world.

About one-third of the loans were made during 1949, after passage of the Foreign Assistance Act of 1948. Most of the loans are administered by the Export-Import Bank as agent for the International Cooperation Administration. The earlier loans, made primarily to assist the European countries in the restoration of their economies subsequent to World War II, are generally for a period of 35 years, which includes a grace period of approximately 7 years on repayment of principal. Current mutual security loans generally are made for a period of 30 to 40 years, and basic materials development loans are for 10 to 20 years.

Interest rates for both programs are determined by the Administration upon advice of the National Advisory Council on International Monetary and Financial Problems. Most of the older loans carry an interest rate of $2\frac{1}{2}\%$. In the case of most current loans, the borrower may choose to repay in dollars or in local currencies. The current interest rate is $3\frac{1}{2}\%$; it is generally equal to the Treasury cost of borrowing for securities with comparable maturities.

New commitments of \$327 million are estimated for 1960, all of this in foreign currencies, representing a substantial increase over 1959. This total does not include any estimate for new loans in 1960 under the mutual security program, which committed \$136 million in 1958.

DEVELOPMENT LOAN FUND

The Development Loan Fund is a new source of financing for economic development abroad, authorized by the Mutual Security Act of 1957. It makes loans and guarantees loans to governments of underdeveloped nations or to organizations and persons therein. The fund was incorporated in 1958 (Public Law 85-477).

A total of \$700 million has been appropriated for 1958 and 1959; an additional \$225 million is included in the budget for 1959 and \$700 million for 1960. Loans are repayable in either dollars or local currency, as particular circumstances may dictate. It is anticipated that loans will average a period of 20 years' duration. Interest rates are determined by the board of directors upon advice of the National Advisory Council on International Monetary and Financial Problems, and range from $3\frac{1}{2}\%$ to 6%.

As of June 30, 1958, the Development Loan Fund had entered into 6 loan agreements involving 5 countries. The first repayments of loans will begin during 1959, but will not reach appreciable amounts until 1960.

Cost of administering the loan program is financed from the loan funds appropriated to the agency.

New commitments are expected to increase from \$102 million in 1958 to \$500 million in 1959 and \$698 million in 1960, almost entirely in dollars. Net expenditures will reach \$197 million in 1960.

SPECIAL ANALYSIS F

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION

To carry out the functions prescribed by law, Federal, State, and local governments require a wide variety of structures ranging from schools, hospitals, and roads to multipurpose dams and military bases. The Federal Government provides for some of these facilities by direct construction. In addition, some State and local projects are aided by Federal grants and loans. Federal public works expenditures, therefore, indicate the magnitude of a segment of long-term capital investment which is important to the construction industry and to the economy as a whole. The Federal Government also provides assistance for private capital facilities through loans, loan guaranties, tax concessions, and lease contracts; however, Federal budget expenditures in connection with these programs are not an adequate measure of the volume of construction activities stimulated by such aid.

This special analysis gives major emphasis to Federal expenditures for public works, although some data are included relating to Federal programs affecting private construction.

Most public works are built by the private construction industry under contracts with public agencies. For direct Federal construction, the Federal disbursements shown in this analysis approximate the value of work put in place. In the case of State and local construction, however, Federal grant and loan disbursements may precede or follow the work put in place.

Direct Federal construction currently constitutes more than 6% of the total value of new construction. State and local public works benefiting from Federal aid represent another 7%, nearly two-thirds of which is financed from Federal grants. The Federal share varies substantially among the grant programs, depending upon the program objectives and provisions of law.

Table 1 summarizes Federal budget and trust fund expenditures for public works for the years 1951 through 1960.

Total Federal public works expenditures are currently at a level higher than that in any year since World War II, and are expected to increase further in the fiscal year 1960 to a total of \$7.2 billion. Civil public works expenditures will increase by almost \$700 million from the 1959 level, largely as a result of the expanding Federal-aid highway program financed from trust funds. This program accounts for about 42% of total public works expenditures in 1960. In addition, combined expenditures for water resources projects of the Corps of Engineers and the Bureau of Reclamation are expected to reach a record level in 1960, as construction progresses on work underway. Construction of military facilities of the Department of Defense, which makes up almost one-fourth of total public works expenditures in 1960, will be \$310 million below the 1959 total, as the initial phase of construction for the dispersal of the Strategic Air Command bomber forces is scheduled to be completed in 1959.

TABLE 1.—Federal expenditures for public works, fiscal years 1951–60

[From budget accounts and trust funds. In millions]

Program	1951	1952	1953	1954	1955	1956	1957	1958	1959 estimate	1960 estimate
Civil public works:										
Budget expenditures:										
Federal construction.....	\$1,333	\$1,329	\$1,421	\$1,270	\$1,024	\$867	\$1,075	\$1,252	\$1,612	\$1,812
Grants to State and local governments.....	484	570	734	720	776	889	150	242	285	233
Loans to State and local governments, net.....	145	163	12	-403	-85	26	65	117	204	166
Trust fund expenditures:										
Federal construction.....	8	1	1	4	1	2	1	2	17	16
Grants to State and local governments.....							953	1,493	2,425	3,015
Total, civil public works.....	1,970	2,063	2,168	1,592	1,716	1,784	2,243	3,106	4,543	5,242
Major national security public works:										
Budget expenditures:										
Military and related public works.....	424	1,814	1,933	1,721	1,621	2,076	1,986	1,754	2,003	1,693
Atomic energy plants and facilities.....	479	1,071	1,054	1,085	787	243	263	210	240	280
Total, major national security public works.....	903	2,885	2,987	2,806	2,408	2,319	2,249	1,964	2,243	1,973
Total, Federal public works.....	2,873	4,948	5,155	4,398	4,123	4,103	4,492	5,070	6,786	7,215

NOTE.—In this and the following text tables nonconstruction costs are excluded; proposed legislation is included for the estimated years 1959 and 1960. Totals may not add because of rounding.

Federal expenditures for capital improvements of cooperatives and nonprofit groups are not included in the public works totals but are listed in table 8; they are estimated at \$489 million in 1960, including loans of \$399 million.

CIVIL PUBLIC WORKS

“Civil public works,” as used in this analysis, relates to construction required for Federal civil programs as dis-

tinguished from those required for national security. The term encompasses flood control, navigation and irrigation projects, veterans hospitals, public buildings, and other construction undertaken directly by the Federal Government, as well as grants and loans to State and local governments for highways, hospitals, waste treatment works, and other facilities. Federal expenditures for civil public works, by agency, from budget accounts and trust funds for the years 1958 through 1960 are summarized in table 2.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

TABLE 2.—Expenditures and 1960 new obligational authority for civil public works, by agency

[From budget accounts and trust funds. In millions]

Type of program and agency	Expenditures			New obligational authority, 1960 estimate
	1958 actual	1959 estimate	1960 estimate	
BUDGET ACCOUNTS				
Federal construction:				
Architect of the Capitol.....	\$11.3	\$21.6	\$54.7	
Federal Aviation Agency.....	49.9	120.4	143.1	\$150.7
National Aeronautics and Space Administration.....	17.2	25.0	35.0	57.8
General Services Administration.....	42.3	103.9	148.3	43.2
Veterans Administration.....	32.9	45.0	55.0	20.2
Saint Lawrence Seaway.....	47.9	17.3	4.5	
Tennessee Valley Authority.....	120.3	138.0	129.0	6.5
Department of Agriculture.....	37.4	87.4	73.2	40.9
Corps of Engineers, Army.....	553.5	564.8	663.9	710.9
Department of Health, Education, and Welfare.....	11.9	18.3	28.8	10.7
Department of the Interior:				
Bureau of Reclamation.....	183.0	214.3	198.2	208.7
Bonneville Power Administration.....	25.5	20.2	23.6	25.0
Bureau of Indian Affairs.....	20.5	37.7	35.1	29.0
National Park Service.....	41.1	67.4	48.9	44.4
Other.....	12.8	25.8	19.9	8.9
Post Office.....	7.0	24.5	49.8	92.5
Department of State.....	15.8	30.0	22.5	7.8
Other.....	21.9	50.1	78.6	46.0
Total, Federal construction.....	1,252.1	1,611.7	1,812.1	1,503.2
Grants to State and local governments:				
Federal Aviation Agency.....	42.9	49.9	54.6	65.0
Soil Conservation Service.....	16.5	25.9	27.8	23.7
Office of Education.....	74.4	69.4	41.8	30.6
Public Health Service.....	67.2	90.3	92.5	70.0
Other.....	41.5	49.5	16.1	17.5
Total, grants.....	242.4	285.0	232.8	206.8
Loans to State and local governments, net:				
Housing and Home Finance Agency.....	107.3	181.6	147.9	7.0
Bureau of Reclamation.....	.3	9.7	6.8	
District of Columbia.....	2.0	6.0	7.4	35.4
Other.....	7.2	6.9	3.9	1.0
Total, loans.....	116.8	204.3	166.0	43.4
Total, budget accounts.....	1,611.3	2,100.9	2,211.0	1,753.5
TRUST FUNDS				
Federal construction.....	1.7	16.6	16.0	5.6
Grants, Bureau of Public Roads.....	1,493.2	2,425.4	3,015.4	3,433.5
Total, trust funds.....	1,495.0	2,442.0	3,031.4	3,439.1
Total, civil public works.....	3,106.3	4,542.9	5,242.4	5,192.6

CONTINUING AND NEW WORK

Civil public works activities in 1960 are shown in table 3 according to whether they will be continuing or newly undertaken. The table also indicates the total cost and the amount required to complete the projects expected to be underway in 1960.

By far the greater portion of budget expenditures in 1960 for civil public works will be for continuation of work started in prior years. In 1958 and 1959, increases were provided in various public works programs, partly to combat the recession. The programs included direct construction for water resources projects, air navigation facilities, public buildings, and roads and structures in the national parks system and national forests, and on Indian lands. Some of the federally aided programs were also expanded, such as highways, health facilities and college housing.

TABLE 3.—Estimated cost of the 1960 civil public works program, by new and continuing work

[From budget accounts and trust funds. In millions]

Agency or program	Total estimated Federal cost	Cumulative to June 30, 1959	1960 estimate	Required to complete
BUDGET ACCOUNTS				
Continuing work:				
Federal construction:				
Corps of Engineers, Army.....	\$8,021.4	\$3,303.6	\$654.4	\$4,063.4
Bureau of Reclamation.....	3,836.3	2,431.2	196.1	1,209.0
Tennessee Valley Authority.....	746.3	309.5	128.4	308.4
Forest Service.....	382.4	206.5	25.9	150.0
National Park Service.....	161.7	39.5	34.3	87.9
Bureau of Indian Affairs.....	399.4	144.7	26.4	228.3
Veterans Administration.....	220.7	84.9	46.6	89.2
National Aeronautics and Space Administration.....	120.2	23.0	33.0	64.2
General Services Administration.....	277.2	49.9	112.1	115.2
Federal Aviation Agency.....	364.8	128.8	117.2	118.8
Architect of the Capitol.....	166.5	68.4	54.7	43.4
Other.....	1,046.4	601.0	217.6	227.8
Total, Federal construction.....	15,743.3	7,391.0	1,646.7	6,705.6
Grant commitments:				
Airports.....	201.0	49.9	54.6	96.5
Hospitals and health facilities.....	605.7	425.0	60.7	120.0
Waste treatment works.....	140.0	47.7	30.0	62.3
Schools in federally affected areas.....	165.6	84.6	40.4	40.6
Watershed protection and flood prevention.....	491.6	133.3	27.8	330.5
Other.....	33.8	11.3	16.0	6.5
Total, grants.....	1,637.7	751.8	229.5	656.4
Total, continuing work.....	17,381.0	8,142.8	1,876.2	7,362.0
New projects, features, and commitments in 1960:				
Federal construction:				
General Services Administration.....	41.6		15.0	26.6
Federal Aviation Agency.....	160.2		25.9	134.3
National Aeronautics and Space Administration (proposed).....	57.8		2.0	55.8
National Park Service.....	76.9		13.5	63.4
Bureau of Indian Affairs.....	15.3	.5	7.8	7.0
Post office.....	21.0		21.0	
Other.....	119.7	1.3	39.2	79.2
Total, Federal construction.....	492.5	1.8	124.4	366.3
Grant commitments:				
Airports.....	65.0			65.0
Hospitals and health facilities.....	50.0		1.8	48.2
Waste treatment works.....	20.0			20.0
Schools in federally affected areas.....	30.6		1.5	29.1
Total, grants.....	165.6		3.3	162.3
Total, new projects, features, and commitments.....	658.1	1.8	127.7	528.6
Advance planning:				
Corps of Engineers, Army.....	25.5	14.6	9.5	1.4
Bureau of Reclamation.....	36.3	20.5	2.1	13.7
Veterans Administration.....	19.0	4.1	2.9	12.0
National Park Service.....	19.3	5.7	1.2	12.4
General Services Administration ¹	95.2	55.2	21.2	18.8
Other ¹	10.1	3.3	4.2	2.6
Total, advance planning.....	205.4	103.4	41.1	60.9
Loan commitments, net:				
Housing and Home Finance Agency:				
College housing.....			111.6	
Other.....			36.3	
Bureau of Reclamation.....			6.8	
Other.....			11.3	
Total, loans.....			166.0	
TRUST FUNDS				
Federal construction: Buildings.....	40.9	18.2	16.0	6.7
Grants: Bureau of Public Roads.....	29,373.8	2,348.5	3,015.4	24,008.9
Total, trust funds.....	29,414.7	2,366.7	3,031.4	24,015.6
Total, civil public works, budget accounts and trust funds.....			5,242.4	

¹ Includes some sites as well as planning costs.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

In view of the large volume of funds required to finance the current record level of civil works construction and the urgent requirements for national security and other civil programs, the 1960 budget does not provide additional funds for starting construction of new public works projects in a number of programs. In addition, some civil works construction programs will be stretched out where this can be done without stopping work. Despite such economies, expenditures for civil public works are estimated at a record \$5.2 billion in 1960. The increase results largely from commitments on civil works programs and projects started in earlier years.

INVESTIGATIONS AND STATUS OF PLANNED AND AUTHORIZED PROJECTS

To assure economical design and construction of public works, adequate basic data, comprehensive investigations and surveys, and detailed project planning are required. Construction expenditures shown in this analysis do not include costs of basic data collection and preliminary surveys, but they do include detailed project planning costs.

Basic data.—Federal programs for the collection of basic data serve a wide variety of civil and national security purposes. A total of \$64 million is recommended for the collection of general coverage data, and \$81 million to serve the particular needs of the military agencies. These data include control surveys; topographic, geologic and soil surveys and maps; and hydrographic, hydrologic and climatologic data for nautical and aeronautical charts. In addition to their usefulness in the investigation and planning for Federal and other construction projects, the data serve a variety of other engineering, industrial and scientific purposes, including the determination of the size and shape of the earth, necessary for missile programs.

Preliminary surveys and investigations.—In order to determine the basic need for and the engineering and economic feasibility of individual projects, careful preliminary investigations are required. Inadequate examination of the factors involved in project formulation before authorization may result in approval of projects having questionable justification or in seriously underestimating project costs. Preliminary investigations of river basin and other construction programs will require expenditures of \$16 million in 1960. In addition, an appropriation of \$3 million is recommended to permit the Housing and Home Finance Agency to make grants to the States and metropolitan areas for assistance in general community planning.

Detailed planning.—Detailed planning of projects in advance of construction provides for orderly programing of project construction and may prevent expensive changes in project designs during the construction period. Such planning also provides an opportunity to verify the economic feasibility of projects, as well as their estimated cost, before construction is started. Expenditures for

detailed advance planning in 1960 are estimated at \$41 million, including some site costs as shown in table 3.

The budget also includes \$7 million to permit the Housing and Home Finance Agency to make repayable advances to State and local agencies for the planning of public works.

Authorized reserve.—A reserve of soundly conceived authorized projects provides a basis for a wise selection of projects for advance planning and for starting in accordance with program needs and economic and budgetary policy. Projects within the reserve have been authorized by substantive legislation and thus require only financing and planning for starting. Agency reports, on the basis of present costs, indicate that \$14.6 billion of authorized work will be in reserve for starting after 1960. About \$9 billion of the reserve is included in the river basin programs of the Corps of Engineers and the Bureau of Reclamation.

The authorized reserve of Federal projects is shown in table 4, by status of plans and major agency. A substantial amount of planning will also be done by State and local agencies on highways and other programs for which Federal grants are made.

TABLE 4.—Reserve of presently authorized projects and programs for undertaking after 1960

(In billions)

Agency	Cost of authorized reserve						
	Estimated total Federal cost	Status of plans as of June 30, 1959			Status of plans as of June 30, 1960		
		Planned to stage where contract could be let	Plans in process	Plans not started	Planned to stage where contract could be let	Plans in process	Plans not started
Corps of Engineers, Army..	\$5.7	\$0.9	\$3.1	\$1.7	\$1.3	\$2.7	\$1.7
Bureau of Reclamation....	3.3	.5	1.8	1.0	.5	1.7	1.1
Tennessee Valley Authority.....	1.7	.3	.5	.9	.5	.5	.7
Forest Service.....	1.3	.1	1.2	—	.1	1.2	—
Federal Aviation Agency..	1.1	.2	.5	.4	.3	.5	.3
National Park Service.....	.7	(1)	.1	.6	(1)	.2	.5
Other agencies.....	.8	(1)	.2	.6	.1	.3	.4
Total.....	14.6	2.0	7.4	5.2	2.8	7.1	4.7

1 Less than \$50 million.

PROGRAMS BY MAJOR FUNCTION AND TYPE OF FACILITY

Table 5 summarizes civil public works expenditures according to the functional classification used in the budget, with subclassifications according to type of facility. Public works represent only a small portion of the total costs of some functional programs. For other functions, such as natural resources, over two-thirds of the expenditures are for construction projects. In 1960, it is expected that about 88% of total civil public works expenditures, including those from trust funds, will be for the natural resources and commerce and housing functions.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

TABLE 5.—Federal civil public works expenditures by major function and type of facility

[From budget accounts and trust funds. In millions]

Major function and type of facility	1958 actual	1959 estimate	1960 estimate
Veterans' services and benefits.....	\$36.3	\$50.1	\$59.3
Veterans' hospitals and other facilities.....	32.9	45.0	55.0
Cemeteries and memorials.....	3.3	2.8	2.7
United States Soldiers' Home (trust fund).....	.2	2.3	1.6
International affairs and finance.....	14.4	33.2	33.6
Radio and other facilities.....	.4	4.9	10.1
Foreign Service and other buildings.....	13.9	28.3	23.6
Labor and welfare.....	163.8	208.9	205.5
Hospitals and health centers.....	58.7	63.6	69.3
Medical research facilities.....	4.4	9.6	15.6
Other research facilities and museums.....	1.7	10.3	20.5
Waste treatment works.....	16.9	30.0	30.0
Schools.....	78.7	77.4	49.8
Federal prison facilities.....	1.9	3.8	6.1
Office building (trust fund).....	1.6	14.3	14.3
Agriculture and agricultural resources.....	20.7	71.8	68.3
Grain storage facilities.....	.4	35.0	30.0
Research facilities.....	2.9	9.1	8.9
Watershed and flood prevention works.....	17.4	27.7	29.4
Natural resources.....	1,036.1	1,137.9	1,162.2
Water resources and related developments for irrigation, navigation, flood control and power.....	936.6	973.8	1,031.6
Forest roads and other structures.....	37.4	47.9	38.6
Roads, buildings, and utilities on Indian lands.....	17.0	32.6	31.6
Fish hatcheries and wildlife refuges.....	2.9	7.2	4.6
Parkways, roads, and utilities in national parks.....	41.1	67.4	48.9
Helium plant and laboratories.....	.4	7.1	5.4
Anthracite mine drainage facilities.....	.4	2.0	1.4
Commerce and housing.....	1,767.0	2,888.8	3,475.1
Highway systems (trust fund) ¹	1,493.2	2,425.4	3,015.4
Forest highways and other roads ¹	30.8	35.2	3.1
Airports.....	45.6	75.1	82.4
Air navigation and radio facilities.....	47.3	95.3	108.3
Aeronautical and space flight research facilities.....	17.2	25.0	42.1
Water transportation aids.....	4.6	12.0	17.4
Defense housing, civil defense and community facilities, net.....	14.0	32.5	39.4
Public works in Alaska and the Virgin Islands.....	12.0	12.4	5.8
Low-rent public housing, net.....	-3.5	11.3	-3
College housing, net.....	99.1	140.1	111.6
Post office improvements.....	7.0	24.5	49.8
General government: Government buildings and facilities.....	67.9	152.1	238.4
Total, civil public works.....	3,106.3	4,542.9	5,242.4

¹ Forest and public lands highways are included in highway trust funds in 1960.

NATURAL RESOURCES

Multiple-purpose control and development of rivers and streams for flood control, navigation, irrigation, hydroelectric power, municipal water supply and related purposes will require a major portion of the \$1.2 billion to be spent in 1960 for natural resources construction programs. The remainder will be for the conservation and development of forests, mineral, recreational, and fish and wildlife resources, and for roads, utilities, and schools on Indian lands.

Corps of Engineers, Army.—The program of the Corps of Engineers is nationwide in scope, except for the Tennessee Valley area. Appropriations recommended for 1960 will finance continuation of work on 65 navigation projects, 21 multiple-purpose projects including power, 1 beach erosion control project, and 99 predominantly flood control projects. Work will be substantially completed in 1960

on 2 multiple-purpose projects including power, 9 flood control reservoirs, 13 local protection projects, 14 navigation improvements, and 4 bridge alterations. The Corps will add 392,000 kilowatts of power-generating capacity to the Federal system in 1960.

The Saint Lawrence Seaway Development Corporation.—Construction on that part of the Saint Lawrence Seaway which is within United States territory is nearly completed. This construction is related to navigation improvements being built by Canada and to power developments by the State of New York and the Province of Ontario. The seaway is expected to be opened to deep-draft traffic in the spring of 1959, although additional improvement of the shipping channel is contemplated.

Bureau of Reclamation.—The Bureau will continue work in the 17 Western States on 57 projects for irrigation, water supply, flood control, and hydroelectric power, of which 9 will be substantially completed in 1960. Included in the total are 19 units of the Missouri Basin project and 5 units of the Upper Colorado River storage project. During the year, irrigation water will be available on 75,600 new acres and 61,800 supplemental acres of land, and 48,000 kilowatts of new generating capacity will be installed. Under the loan program for distribution systems and small reclamation projects, 8 local irrigation and water supply projects will be underway.

International Boundary and Water Commission.—The Commission and a similar agency of Mexico participate in the construction of water conservation and control facilities on the Rio Grande River. The Anzalduas Dam, started in 1956, and related works will be continued in 1960.

Tennessee Valley Authority.—The major part of the public works expenditures by the Tennessee Valley Authority in 1960 will be for continuation of construction on steam and hydroelectric generating facilities underway. Additional generating capacity will be provided at Wheeler Dam and Colbert steam plant, financed by proceeds from operations. The expenditure estimate includes amounts based upon the anticipated enactment, early in calendar year 1959, of legislation permitting issuance of Tennessee Valley Authority revenue bonds to finance needed new power-generating facilities. Construction will continue on the new lock at Wilson Dam, financed from appropriated funds. Other construction includes work on transmission facilities, chemical facilities, and general-use buildings.

Summary of Federal electric power activities.—Federal resource development programs include provision for generation of electric power at hydroelectric facilities of Federal multiple-purpose reservoir projects and at steam-electric facilities of the Tennessee Valley Authority. At the end of the calendar year 1958, Federal agencies operated generating capacity amounting to 20.9 million kilowatts. This was about 15% of the total capacity of major electric utility systems in the United States. Additional capacity of 2.3 million kilowatts, scheduled for completion during the calendar years 1959 and 1960, will bring the Federal capacity to 23.2 million kilowatts. Over 28.3 million kilowatts of Federal generating capacity are now in operation, under construction, or programmed. In addition, construction of privately owned generating capacity of 2.1 million kilowatts was financed by Rural Electrification Administration loans through the fiscal year 1958.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

TABLE 6.—Federal electric power generating capacity, in operation and presently scheduled (nameplate)
[Million kilowatts]

Agency	Dec. 31, 1958	Total scheduled
Corps of Engineers, Army.....	5.86	10.11
Bureau of Reclamation.....	5.12	6.32
Tennessee Valley Authority.....	9.93	11.88
International Boundary and Water Commission.....	.03	.03
Total.....	20.94	28.34

The Bureau of Reclamation, Tennessee Valley Authority, and Bonneville and Southwestern Power Administrations will construct additional transmission facilities for marketing federally produced power and for integration of certain Federal power projects. The addition of 920 miles of line in 1960 will result in a Federal transmission system total of 29,700 miles. Expenditures in 1960 for construction of these facilities will amount to \$75 million. (These expenditures are included in the agency figures discussed above.)

Summary of water resources and related developments.—Although the natural resources function includes the major part of water resources development, other water resource developments are carried out under the agriculture and agricultural resources and labor and welfare functional classifications. Table 7 brings together expenditures for all water resources and related developments.

TABLE 7.—Budget expenditures for water resources and related developments
[In millions]

Type	Functional code No.	1958 actual	1959 estimate	1960 estimate
Flood control works:				
Bureau of Reclamation.....	401	\$0.7	\$1.2	\$0.7
Corps of Engineers, Army.....	401	197.0	223.5	242.8
Department of Agriculture.....	354	17.0	27.4	29.2
International Boundary and Water Commission.....	401	1.5	2.3	1.0
Tennessee Valley Authority.....	401	.4	.5	.1
Total, flood control works.....		216.6	254.9	273.8
Beach erosion control: Corps of Engineers, Army.....	401	.2	1.0	1.0
Irrigation and water conservation works:				
Bureau of Reclamation.....	401	85.1	79.7	75.9
Loan and grant program.....	401	.3	9.8	6.8
Department of Agriculture.....	354	.4	.3	.1
Bureau of Indian Affairs.....	401	3.4	5.1	3.4
Total, irrigation works.....		89.2	94.9	86.2
Navigation facilities:				
Corps of Engineers, Army.....	401	169.9	182.9	195.8
Saint Lawrence Seaway Development Corporation.....	401	47.9	17.3	4.5
Tennessee Valley Authority.....	401	15.8	8.6	2.9
Total, navigation facilities.....		233.6	208.8	203.2
Multiple-purpose dams and reservoirs with hydroelectric power facilities:				
Bureau of Reclamation.....	401	88.4	122.1	104.5
Corps of Engineers, Army.....	401	186.4	157.4	224.3
International Boundary and Water Commission.....	401	.3	.9	.1
Tennessee Valley Authority.....	401		4.0	15.0
Total, multiple-purpose facilities.....		275.1	284.4	343.9
Steam-electric powerplants: Tennessee Valley Authority.....	401	82.9	100.1	76.4
Power transmission facilities:				
Tennessee Valley Authority.....	401	21.6	24.4	33.0
Bureau of Reclamation.....	401	8.8	11.4	17.1
Bonneville Power Administration.....	401	25.5	20.2	23.6
Southwestern Power Administration.....	401	.9	1.0	.8
Total, power transmission facilities.....		56.8	57.0	74.5
Waste treatment facilities: Public Health Service, grants.....	213	16.9	30.0	30.0
Total, water resources and related developments.....		971.3	1,031.1	1,089.0

Other natural resources programs.—Under the natural resources function there are also programs for the construction of roads and trails in the national forests, national parks and Indian reservations, and on other public lands, and for the continuation of work on 8 national parkways. Provision is also made for the construction of buildings, utilities, and other facilities in the 189 park, monument, and other areas comprising the National Park System. Fiscal year 1960 marks the fourth year of a 10-year development program, known as Mission 66, which is expected to provide for the needs of over 80 million visitors to the National Park System on completion. Provision is also made for recreational facilities in the national forests.

The Bureau of Indian Affairs will continue work on irrigation projects and on schools. Work will also proceed on fish hatcheries, wildlife refuges, and other structures.

COMMERCE AND HOUSING

Structures required in support of programs under this heading include roads, airports, air navigation facilities, space research facilities, housing, post offices, and other structures. Most of the construction is carried on by State and local authorities, with Federal aid in the form of grants and loans.

Highways.—The largest program in this function is for roads. Under the Federal Aid Highway Acts of 1956 and 1958, a separately financed Federal trust fund has been established to provide for 90% of the total cost of a 41,000-mile interstate system of roads by 1970. The remaining 10% of the cost is to be provided by the States. In addition, the trust funds will finance the Federal share of the cost of the Federal-aid primary and secondary systems and urban extensions on such systems. During 1960, it is expected that 9,800 projects costing \$4.7 billion will be approved. Of this amount, \$3.4 billion represents the Federal share. Payments to the States from the highway trust fund in 1960 for the Federal share of the cost of completed work will approximate \$3 billion. The budget proposes that public lands highways and forest highways, which are an integral part of the highway system, also be financed from the trust fund beginning with 1960.

Substantial progress toward completion of the Woodrow Wilson Memorial Bridge near the District of Columbia is expected in 1960.

Airports, air navigation, and research facilities.—The Federal Aviation Agency, created in August 1958, has assumed the functions of the Civil Aeronautics Administration, as well as the Airways Modernization Board and part of the responsibilities of the Civil Aeronautics Board. The new agency administers a program of grants for public airport construction, installs air navigation facilities, and conducts research directed toward increasing the safety of air navigation. In the District of Columbia area, the Agency is administering the construction of a new airport near Chantilly, Va., for which appropriations of \$63 million have been made.

In October 1958, the National Aeronautics and Space Administration was created, supplanting the predecessor National Advisory Committee on Aeronautics and giving new emphasis to research on space problems. In response to this orientation, a space projects center has been started at Beltsville, Md., and the pilotless aircraft station at Wallops Island, Va., is being expanded to accommodate space vehicles. Improvements and additions to facilities of existing research centers will also be made in 1959 and 1960.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

Housing and community development.—As a result of previous commitments, expenditures for loans to public institutions for the construction of dormitories will amount to \$112 million in 1960. The Public Housing Administration assists in the construction of low-rent public housing units through loans and annual contributions contracts. The 1960 budget provides for construction of 35,000 units placed under contract in prior years. Other significant expenditures consist of (a) loans for public facilities under the Housing Act of 1955 and (b) interest-free advances to State and local public agencies for the planning of local public works, under the Housing Act of 1954.

Other facilities.—The Post Office Department will continue in 1960 its program of major renovation and modernization. The Panama Canal Company will spend \$7 million on employee quarters, various canal improvements and other construction. Work will continue on the Balboa Bridge over the Panama Canal. The Coast Guard will construct aids to navigation and shore facilities required to carry out the functions of that agency.

VETERANS' SERVICES AND BENEFITS

Work will continue on construction of a veterans' hospital at Palo Alto, Calif., and on replacement facilities at Downey, Ill. A neuropsychiatric hospital at Cleveland, Ohio, and a hospital replacement at Jackson, Miss., are scheduled to be started in 1959. Work will go forward in 1960 on the replacement of the hospital in Nashville, Tenn. The budget also provides for architectural plans for a 400-bed hospital building at Oteen, N. C.

This function also includes the construction of monuments and cemeteries by the Quartermaster General of the Army, and the construction of monuments and cemeteries in foreign countries by the American Battle Monuments Commission.

INTERNATIONAL AFFAIRS AND FINANCE

The extension and remodeling of the State Department building in Washington, D. C., will be nearing completion in 1960. Construction will continue on office buildings and living quarters for the United States Government abroad, and radio facilities for the Voice of America. Power and water systems are being built in the Ryukyu Islands by the Department of the Army.

LABOR AND WELFARE

A major part of the Federal public works expenditures for the labor and welfare function consists of grants to State and local authorities for hospitals, schools, and other facilities. Direct Federal expenditures are made for research facilities, museums, and other structures.

Health facilities.—The Department of Health, Education, and Welfare administers a program of grants to aid in the construction of hospitals and health research facilities. About 45% of the hospital grants and 25% of the health research facilities are made to State and local authorities. These amounts are reflected in the public works expenditures in this analysis. Grants for nonprofit groups for such facilities are in another section of this analysis, and are shown in table 8. The Department also provides hospitals on Indian reservations.

Education and research facilities.—In 1960, about \$50 million will be spent by the Federal Government for assistance for school construction in areas substantially affected by Federal activities. The Smithsonian Institution will make substantial progress toward completing the Museum of History and Technology. Planning will proceed on additions to the Natural History Building in the District of Columbia.

Grants for construction of waste treatment works.—The Public Health Service administers a program of grants to communities to stimulate and assist in the construction of waste treatment facilities. Legislation is recommended to discontinue Federal grants for construction of waste treatment plants so that the States can assume full responsibility for these structures starting in 1961.

AGRICULTURE AND AGRICULTURAL RESOURCES

The Department of Agriculture provides assistance to States and local groups for the installation in upstream watersheds of works to prevent damage from soil erosion, flood water, and sedimentation, and to further the conservation, development, utilization, and disposal of water. No additional funds are recommended for 1960 to initiate construction on watershed projects under the Watershed Protection and Flood Prevention Act. However, funds available from the 1959 appropriation will permit starting a total of 100 projects over the 2-year period. The program of upstream flood prevention work in the 11 watershed areas authorized by the Flood Control Act of 1944 will continue. In addition, the Department of Agriculture will build facilities for research and will provide grain storage facilities in 1960.

GENERAL GOVERNMENT

Administrative and other buildings required to carry on the Government's business represent a major portion of the construction activities reported under this functional classification. The Congress appropriated funds to the General Services Administration for 1959 for the direct construction of 48 public buildings, including 46 heretofore approved under the lease-purchase program, and 2 special-purpose projects. Substantial progress toward completing these buildings is expected in 1960. In addition, major renovation and air conditioning of existing Federal buildings is contemplated.

Work will continue in the District of Columbia on a new office building for the House of Representatives, and on the extension of the east wing of the Capitol. Legislation is proposed in 1959 to permit the Government Printing Office to construct a \$5 million annex to be used as a warehouse. The construction program of the Canal Zone Government for 1960 will include schools, streets, and sewage disposal facilities. Also, planning will begin on a medical center which is to be a partial replacement of Gorgas Hospital. In addition, the Federal Government will continue to provide assistance through grants and loans for construction of various community facilities in Samoa, the Trust Territory of the Pacific Islands, and the District of Columbia.

MAJOR NATIONAL SECURITY CONSTRUCTION

The Federal Government will spend \$2 billion in 1960 for major national security construction, \$270 million below the 1959 level.

SPECIAL ANALYSIS F—Continued

FEDERAL ACTIVITIES IN PUBLIC WORKS AND OTHER CONSTRUCTION—Continued

Military construction.—A substantial amount of construction is required to support the current and long-range programs for strengthening our military defenses. Provision is also made for the modernization, repair, and replacement of facilities at existing installations of the Department of Defense.

A major portion of the facilities needed by the Armed Forces relates to missiles and their support. Funds are provided in the 1960 program for additional NIKE-HERCULES and BOMARC air defense missiles sites and for improvement of the existing radar warning system. The budget also provides for sites and support for the ATLAS and TITAN, POLARIS and NIKE-ZEUS missile systems, as well as continued progress toward completion of the ballistic missile early warning system. With the initial phase of the dispersal and alert readiness facilities for the Strategic Air Command bomber forces scheduled for completion in 1959, the 1960 expenditures for construction by the Department of Defense are estimated at \$1.7 billion, \$310 million less than in 1959.

Atomic energy facilities.—In 1960, construction by the Atomic Energy Commission will relate primarily to production plants and to research and development installations started in earlier years. Progress is scheduled for the heavy water component and the plutonium recycle test reactors, as well as the gas cooled power reactor, fast power breeder pilot facility, fuels technology center, cooperative power reactor demonstration project, destroyer reactor plant, and the power reactor development acceleration project. Also, the high energy accelerator program will go forward. Projects to be started in 1960 include improvements and additions to existing production plants, and facilities for physical, medical, and biological research.

OTHER FEDERAL ACTIVITIES IN CONSTRUCTION

In the foregoing sections of this analysis the effect of Federal expenditures on construction has been limited to additions to Federal, State, and local government physical assets, which are called public works. Apart from public works there are other types of Federal activities, involving loans, loan guaranties, grants, or direct Federal expenditures, which affect construction.

ASSISTANCE TO COOPERATIVES AND NONPROFIT GROUPS

The Federal budget provides funds for construction by privately owned cooperatives and nonprofit groups whose functions are of a quasi-public nature. Expenditures for these programs are shown in table 8.

TABLE 8.—Federal expenditures for cooperative and nonprofit groups (not included in civil public works)

[In millions]			
Program	1958 actual	1959 estimate	1960 estimate
Federal construction:			
Construction, Howard University.....	\$2.1	\$3.2	\$1.4
Construction, Gallaudet College.....	2.0	2.5	1.1
Grants:			
Hospital construction.....	57.9	67.5	70.3
Hospital facilities in the District of Columbia.....	.9	1.9	1.4
Construction of research facilities.....	9.2	15.0	15.0
Loans:			
Rural electrification, gross.....	288.2	315.0	325.0
College housing, net.....	66.1	93.4	74.4
Total.....	426.4	498.5	488.6

The Rural Electrification Administration makes loans to rural cooperatives and private companies to finance electrical and telephone facilities. The Public Health Service provides grants not only to the publicly owned but also to privately owned hospitals and medical facilities. Similarly, the Housing and Home Finance Agency makes loans for college housing to both public and private institutions. Legislation is being recommended to assist Rural Electrification Administration borrowers and educational institutions to obtain financing from private sources. Table 8 includes only the grants and loans to nonpublic groups; those made to public groups are included in the public works totals.

AIDS FOR PRIVATE CONSTRUCTION

A wide variety of Federal incentives in the form of loans, loan guaranties, tax concessions, grants, and other assurances, is available to stimulate construction on homes, farms and businesses.

Under the lease-purchase authority provided in 1954, which expired in July 1957, the General Services Administration and the Post Office have undertaken 34 projects with maximum construction costs estimated at \$63 million. Under this plan, Federal buildings are built by private interests and paid for by the Federal Government over a period of 10 to 25 years, after which the buildings will be owned by the Federal Government. The Post Office estimates that in response to its commercial leasing program, 650 buildings costing about \$36 million will be built in 1959 and 1,160 buildings costing about \$140 million in 1960. These structures are for long-term occupancy by the Federal Government, but are not intended for Federal ownership.

The Housing and Home Finance Agency provides assistance to communities for orderly redevelopment. Approximately 650 urban renewal projects are now underway or completed in more than 380 cities. Through the Federal Housing Administration and the Veterans Administration, programs of insurance or guaranty of mortgages on private housing are conducted, thereby providing incentives for a higher level of construction on such housing than would otherwise be the case. The Farmers' Home Administration makes direct loans for farm houses, buildings, and water facilities, and insures private loans for these purposes. The Commodity Credit Corporation provides loans for the construction or expansion of privately owned grain storage facilities.

Summary of Federal budget expenditures for public works according to categories used in special analysis D, "Investment, operating, and other budget expenditures"

[In millions]			
Public works listed under—	1958 actual	1959 estimate	1960 estimate
Additions to Federal assets:			
Loans to State and local governments, net.....	\$117	\$204	\$166
Public works—sites and direct construction:			
Civil.....	1,252	1,612	1,812
Major national security.....	1,964	2,243	1,973
Expenditures for other developmental purposes: State and local physical assets: Grants-in-aid.....	242	265	233
Total budget expenditures for public works.....	3,575	4,344	4,184

SPECIAL ANALYSIS F—Continued
FEDERAL ACTIVITIES IN CIVIL PUBLIC WORKS
BY MAJOR FUNCTION AND AGENCY

[In thousands]

Function, organization unit, and program	Functional code	NEW AUTHORIZATIONS			EXPENDITURES		
		1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS							
Veterans' Services and Benefits							
American Battle Monuments Commission:							
Memorials and cemeteries.....	106	\$1,250			\$2,328	\$2,500	\$2,000
Veterans Administration:							
Hospital and domiciliary facilities, including alterations.....	105	44,528	\$19,295	\$20,159	32,888	45,000	55,000
Department of Defense—Civil Functions:							
Army: Cemeteries.....	106	431	237	926	932	317	674
Total, veterans' services and benefits.....		46,209	19,532	21,085	36,148	47,817	57,674
International Affairs and Finance							
United States Information Agency:							
Radio facilities.....	153	1,100	13,307	15,869	382	4,079	6,661
General Services Administration:							
U. S. mission building.....	151		3,750			1,500	2,200
Department of Defense—Civil Functions:							
Army: Power and water systems in Ryukyu Islands.....	152	1,513	10,600		53	860	8,400
Department of State:							
State Department and Foreign Service buildings.....	151	11,035	7,178	6,850	13,931	26,800	21,354
Total, international affairs and finance.....		13,648	34,835	22,719	14,366	33,239	33,615
Labor and Welfare							
Legislative branch:							
Botanic Garden: Greenhouses.....	215		587			587	
National Science Foundation:							
Research facilities.....	215	1,515	1,635	1,800	1,150	3,608	3,150
Smithsonian Institution:							
Museums.....	215	800			361	3,737	14,151
General Services Administration:							
Hospital facilities in the District of Columbia:							
Loans.....	213	1,000	510		3,133	2,250	1,499
Direct work.....	213	855			2,167	350	78
Department of Commerce:							
National Bureau of Standards: Laboratories.....	215	72	3,285	1,815	99	2,404	3,098
Department of Health, Education, and Welfare:							
Public Health Service:							
Federal research facilities.....	213	129	3,700	300	1,426	3,690	3,750
Indian health facilities.....	213	3,130	6,010	3,087	1,293	3,880	9,000
Library and office building.....	213	147	16,662		85	850	6,750
Grants for public hospitals.....	213	54,000	83,550	45,000	47,387	55,260	57,510
Grants for waste treatment works.....	213	45,000	45,000	20,000	16,884	30,000	30,000
Grants for health research.....	213	3,000	7,500	5,000	2,915	5,000	5,000
Mental health facilities, Alaska.....	213		6,500			80	620
Total, Public Health Service.....		105,406	168,922	73,387	69,990	98,760	112,630
Saint Elizabeths Hospital: Hospital buildings.....	213	235	212	330	4,667	1,743	585
Office of Education: School construction in federally affected areas:							
At Federal installations.....	214	23,618	7,400	7,000	4,350	8,000	8,000
Grants.....	214	74,075	42,400	30,600	74,397	69,444	41,850
Total, Department of Health, Education, and Welfare.....		203,334	218,934	111,317	153,404	177,947	163,065
Department of Justice:							
Federal Prison System: Prison facilities.....	216	1,000	1,500	14,275	1,884	3,760	6,089
Total, labor and welfare.....		208,576	226,451	129,207	162,198	194,643	191,130
Agriculture and Agricultural Resources							
Department of Agriculture:							
Agricultural Research Service and other: Laboratory and research facilities.....	355	2,345	989	1,149	2,932	9,103	8,924
Soil Conservation Service: Flood prevention, watershed protection and other:							
Direct work.....	354	845	955	600	880	877	662
Grants.....	354	26,395	30,660	23,720	16,482	25,915	27,785
Loans.....	354	1,500	1,000	1,000	11	900	900
Commodity Credit Corporation: Storage facilities.....	351				286	35,000	30,000
Total, agriculture and agricultural resources.....		31,085	33,604	26,469	20,691	71,795	68,271

SPECIAL ANALYSIS F—Continued
FEDERAL ACTIVITIES IN CIVIL PUBLIC WORKS—Continued

BY MAJOR FUNCTION AND AGENCY—Continued

[In thousands]

Function, organization unit, and program	Functional code	NEW AUTHORIZATIONS			EXPENDITURES		
		1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS—Continued							
Natural Resources							
Saint Lawrence Seaway Development Corporation.....	401	\$35,000			\$47,859	\$17,282	\$4,528
Tennessee Valley Authority:							
Power and chemical facilities.....	401	5,384	\$8,537	\$6,531	120,340	136,540	111,472
Power facilities (proposed).....	401		200,000			1,500	17,500
Department of Agriculture:							
Forest Service: Forest roads and protective facilities.....	402	40,991	39,705	39,216	33,244	42,400	33,602
Department of Defense—Civil Functions: Corps of Engineers, Army: Flood control, navigation, and multiple-purpose projects with power.....	401	493,449	654,242	710,890	553,531	564,800	663,908
Department of the Interior:							
Office of Saline Water: Demonstration plant, plans.....	401			300			300
Power transmission facilities:							
Southwestern Power Administration.....	401	1,480		880	881	979	835
Bonneville Power Administration.....	401	22,038	20,934	25,000	25,537	20,200	23,628
Bureau of Land Management: Access roads.....	401	5,480	4,685	5,200	4,245	5,501	5,000
Bureau of Indian Affairs: Irrigation works, roads, buildings and utilities.....	401	29,000	58,000	29,000	20,479	37,658	35,070
Bureau of Reclamation:							
Irrigation and multiple-purpose projects with power.....	401	157,764	211,387	208,668	183,006	214,264	198,214
Loans.....	401		14,167		301	9,680	6,790
Grants.....	401	11	221	31	11	221	31
Total, Bureau of Reclamation.....		157,775	225,775	208,699	183,318	224,165	205,035
Bureau of Mines:							
Laboratories and helium plant expansion.....	403	23	12,624		331	7,093	5,372
Anthracite mine drainage facilities, grant.....	403				415	2,000	1,400
Fish and Wildlife Service: Fish hatcheries and wildlife refuges.....	404	6,377	4,429	2,543	2,875	7,200	4,593
National Park Service: Parkways, roads, buildings and utilities.....	405	47,891	52,504	44,350	41,135	67,407	48,873
Geological Survey: Buildings.....	409				79	6	
Total, Department of the Interior.....		270,064	378,951	315,972	279,295	372,209	330,106
Department of State:							
International Boundary and Water Commission: Water resource projects.....	401	300	1,000	1,000	1,837	3,200	1,100
Restoration of salmon runs, Fraser River system.....	404				22		
Total, Department of State.....		300	1,000	1,000	1,859	3,200	1,100
Total, natural resources.....		845,188	1,282,435	1,073,609	1,036,125	1,137,931	1,162,216
Commerce and Housing							
Executive Office of the President:							
Office of Civil and Defense Mobilization: Grants for emergency centers.....	520	6,824		3,340	988	2,118	2,750
Federal Aviation Agency:							
Establishment of air-navigation facilities.....	513	119,604	150,500	134,000	47,237	95,185	108,225
Research facilities.....	513			16,744			7,068
Washington, D. C., and Alaska airports.....	513	12,750	50,000		2,705	25,219	27,822
Federal-aid airport program: Grants.....	513	63,000	63,000	65,000	42,870	49,877	54,628
Total, Federal Aviation Agency.....		195,354	263,500	215,744	92,812	170,281	197,743
Federal Communications Commission:							
Radio monitoring facilities.....	519	34	128	74	38	135	81
National Aeronautics and Space Administration:							
Research facilities.....	513	41,200	72,250	57,800	17,226	25,000	35,000
Housing and Home Finance Agency:							
Office of the Administrator:							
Public facility loans.....	515				10,649	23,950	29,780
Advance planning of non-Federal public works: Loans.....	515	5,000	7,000	7,000	2,370	7,156	7,720
College housing loans.....	517	105,000			99,080	140,100	111,600
Proposed.....	517		120,000				
War and emergency housing:							
Grants.....	516				1,266	267	
Loans.....	516				—1,348	—936	—900
Public Housing Administration: Low rent housing loans.....	516				—3,455	11,301	—300
Total, Housing and Home Finance Agency.....		110,000	127,000	7,000	108,562	181,838	147,900

SPECIAL ANALYSIS F—Continued
FEDERAL ACTIVITIES IN CIVIL PUBLIC WORKS—Continued
BY MAJOR FUNCTION AND AGENCY—Continued

[In thousands]

Function, organization unit, and program	Functional code	NEW AUTHORIZATIONS			EXPENDITURES		
		1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS—Continued							
Commerce and Housing—Continued							
Department of Commerce:							
Bureau of Public Roads:							
Access roads, bridges, and other direct Federal work.....	512				\$5,450	\$4,178	\$3,100
Forest and public lands highways and other grants.....	512	\$36,790	\$34,850	(1)	25,302	31,032	(1)
Total, Bureau of Public Roads.....		36,790	34,850		30,752	35,210	3,100
Coast and Geodetic Survey: Geomagnetic observatory.....	518		400		2	172	228
Department of Defense—Civil Functions:							
Panama Canal Company:							
Canal and harbor improvements.....	511				6,409	11,193	7,390
Panama Canal Bridge.....	511	750	19,250		159	1,600	4,020
Department of Health, Education, and Welfare:							
Defense community facilities, grant.....	515				13	42	
Department of the Interior:							
Office of Territories:							
Alaska public works:							
Loans.....	515	3,000	2,650		4,069	3,809	1,500
Grants.....	515	3,000	2,650		3,461	3,809	1,500
Virgin Islands public works: Grants.....	515				14	77	
Alaska Railroad.....	518				4,410	4,704	2,833
Total, Department of the Interior.....		6,000	5,300		11,954	12,399	5,833
Post Office Department:							
Improvements and alterations.....	514	28,474	31,450	\$92,461	6,951	24,467	49,794
Treasury Department:							
Coast Guard: Lifeboat stations and other aids.....	511	4,246	4,874	7,187	2,290	4,146	6,818
Adjustment for transfer from Department of Defense.....					—4,338	—5,161	—1,000
Total, commerce and housing.....		429,672	559,002	383,606	273,818	463,440	459,657
General Government							
Legislative branch:							
Architect of the Capitol: Buildings.....	601	3,096	6,500		11,273	21,570	54,717
Government Printing Office: Annex.....	610		5,251			200	1,000
Central Intelligence Agency:							
Headquarters installation.....	605				3,622	8,010	14,000
General Services Administration:							
Court facilities.....	602				232	30	
Public buildings: Construction, renovations, improvements, sites, and planning.....	605	71,591	265,595	43,232	39,910	101,969	145,991
Total, General Services Administration.....		71,591	265,595	43,232	40,142	101,999	145,991
Department of Commerce:							
Weather Bureau: Housing and other facilities.....	607	285	275	385	120	468	305
Department of Defense—Civil Functions:							
Canal Zone Government: Civic improvements.....	609	1,000	3,100	3,096	836	3,426	3,250
Department of the Interior:							
Office of Territories: Public buildings in Samoa and the Pacific islands, grants.....	609	6,150	4,875	5,225	950	950	1,400
Virgin Islands Corporation: Water and power facilities.....	609		1,500			300	1,050
Department of Justice:							
Immigration and Naturalization Service: Border patrol facilities.....	608	94		498	5	92	298
District of Columbia:							
Federal payments, grant.....	609	9,000	9,000	9,000	9,000	9,000	9,000
Loans for highway, sewer and water systems and other public works.....	609	9,631	5,500	35,400	2,000	6,046	7,404
Total, District of Columbia.....		18,631	14,500	44,400	11,000	15,046	16,404
Total, general government.....		100,847	301,596	96,836	67,948	152,061	238,415
Total, all functions, civil public works, budget accounts.....		1,675,225	2,457,455	1,753,531	1,611,297	2,100,926	2,210,978

¹ Forest and public lands highways will be financed from trust funds in 1960. See p. 980.

SPECIAL ANALYSIS F—Continued
 FEDERAL ACTIVITIES IN CIVIL PUBLIC WORKS—Continued
 BY MAJOR FUNCTION AND AGENCY—Continued

[In thousands]

Function, organization unit, and program	Functional code	NEW AUTHORIZATIONS			EXPENDITURES		
		1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
TRUST FUNDS							
Veterans' Services and Benefits							
Department of Defense—Civil Functions:							
United States Soldiers' Home.....	100	\$34	\$560	\$5,587	\$164	\$2,325	\$1,642
Labor and Welfare							
Department of Health, Education, and Welfare:							
Bureau of Old-Age and Survivors Insurance: Building.....	200	5,710	1,300		1,587	14,265	14,322
Commerce and Housing							
Department of Commerce:							
Bureau of Public Roads: Federal-aid highways, grant, including proposed legisla- tion.....	500	3,620,000	3,430,000	3,433,500	1,493,217	2,425,360	3,015,417
Total, all functions, trust accounts.....		3,625,744	3,431,860	3,439,087	1,494,968	2,441,950	3,031,381
Total, all functions, budget and trust accounts.....		5,300,969	5,889,315	5,192,618	3,106,265	4,542,876	5,242,359

SPECIAL ANALYSIS F—Continued
MAJOR NATIONAL SECURITY CONSTRUCTION

[In thousands]

Organization unit and program	Functional code	NEW AUTHORIZATIONS			EXPENDITURES		
		1958 enacted	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Military public works:							
Department of Defense—Military Functions:							
Interservice activities:							
Access roads.....	061				\$1,481	\$2,263	\$1,000
Family housing.....	061				2,529	407	
Olympic winter games.....	061	¹ \$3,500				3,100	400
Advanced Research Projects Agency.....	061		¹ \$12,018			6,624	5,394
Loran stations.....	061	5,500	20,000		5,500	20,000	
Total, interservice activities.....		9,000	32,018		9,510	32,394	6,794
Army:							
Field forces and other operational facilities.....	061	193,000	123,500		155,813	161,500	101,000
Technical services.....	061	32,000	23,500		34,177	30,000	19,000
Army Reserve.....	061	35,000	1,000		20,767	21,000	26,500
Army National Guard.....	061	20,000	5,250		21,359	20,000	2,000
Alaska Communications System.....	061				402	200	50
Research and development.....	061	8,500	31,000		17,000	14,000	9,000
Classified.....	061	76,500	52,000		136,333	139,500	88,000
Total, Army.....		365,000	236,250		385,851	386,200	245,550
Navy:							
Aviation facilities.....	061	89,000	98,000		152,653	123,000	97,000
Navy facilities other than aviation.....	061	118,000	116,000		148,342	143,000	114,000
Marine Corps facilities other than aviation.....	061	12,000	3,163		19,893	7,000	6,000
Naval Reserve.....	061		8,000		18,821	15,000	8,200
Research and development.....	061	19,862	75,000		33,897	48,000	36,000
Classified.....	061	26,138	2,837		14,746	17,000	13,000
Total, Navy.....		265,000	303,000		388,352	353,000	274,200
Air Force:							
Operational support facilities.....	061	885,064	513,309		597,402	760,714	575,000
Training facilities.....	061	75,213	27,555		100,404	60,053	45,000
Logistical, other support and miscellaneous facilities.....	061	382,293	197,625		114,127	313,294	237,700
Air Force Reserve.....	061	20,912	4,550		21,081	15,996	11,200
Air National Guard.....	061	¹ 27,048	¹ 12,784		36,773	31,673	8,200
Research and development.....	061	44,016	32,160		84,867	38,779	29,000
Classified.....	061	12,502	9,801		10,103	11,164	9,000
Total, Air Force.....		1,447,048	797,784		964,757	1,231,673	915,100
Proposed legislation.....	061			\$1,563,200 ²			251,600
Total, Department of Defense—Military Functions.....		2,086,048	1,369,052	1,563,200	1,748,470	2,003,267	1,693,244
Other national security construction:							
Atomic Energy Commission: Production plants, research, and other facilities.....	066	102,755	247,435	102,000	209,509	240,234	259,723
Proposed legislation.....	066			126,000			20,000
Funds appropriated to the President: Defense production expansion: Expansion of nickel plant at Nicaro, Cuba.....	067				5,839	—200	
Total, other national security construction.....		102,755	247,435	228,000	215,348	240,034	279,723
Total, major national security construction.....		2,188,803	1,616,487	1,791,200	1,963,818	2,243,301	1,972,967

¹ Appropriation (adjusted).² Adjustment to reflect comparability with proposed 1960 appropriation structure.

SPECIAL ANALYSIS G

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Federal financial assistance to State and local governments takes the form of direct grants-in-aid, shared revenues, and net loans and repayable advances. The increase of \$2 billion between 1958 and 1960 indicates the significance of support from these sources.

In 1960, total estimated assistance, exclusive of administrative costs to the Federal Government, is \$7.1 billion, including net expenditures of \$4.1 billion from regular budget accounts and \$3.0 billion from the highway trust fund. Total financial aid, therefore, represents nearly 9% of total Federal cash payments to the public.

Included in the foregoing total is \$16.5 million of expenditures in 1960 under proposed legislation authorizing a special transitional grant to Alaska and assistance to areas of chronic unemployment. In addition, other legislative proposals which are discussed later will affect expenditures in future years.

For 1960, the total of budget and trust expenditures for financial assistance to other levels of government is expected to be \$454 million higher than in 1959 and \$2.1 billion larger than the revised total for 1958. As in recent years, the most important factors in this increase are attributable to the scheduled acceleration of the highway program and for public assistance. Although the number of programs is large, about 70% of total expenditures for assistance to State and local governments is contained in these two programs. Stimulative grants primarily for laboratory equipment and counseling to students under the new National Defense Education Act of 1958, will total \$54 million, an increase of \$8 million over 1959. For a portion of 1959 and in succeeding years, grants will be made for sharing in the cost of State and local civil defense personnel and administration; these will total \$12 million in 1960. A net decrease of \$62 million in other programs occurs primarily in the national school lunch and special milk programs, contributions to schools and other public agencies of surplus agricultural commodities, assistance to schools in federally affected areas, public health grants, and Indian educational and welfare services.

TABLE 1.—Federal aid expenditures in relation to total Federal budget expenditures and to total State-local revenues

Fiscal year	Net budget expenditures for aid to State and local governments (millions)	Federal-aid expenditures as percent of—	
		Total Federal expenditures (net)	State-local revenues ¹
1951-----	\$2,434	5	9
1952-----	2,604	4	9
1953-----	2,857	4	9
1954-----	2,657	4	8
1955-----	3,124	5	9
1956-----	3,753	6	9
1957-----	3,159	5	7
1958-----	² 3,576	5	7
1959 estimate-----	³ 4,154	5	(2)
1960 estimate-----	⁴ 4,133	5	(2)

¹ Based on compilations published by the Governments Division, Bureau of the Census.

² Not available.

³ When grants-in-aid from the highway trust fund are added, net expenditures total \$5,069 million, 6% of total Federal cash payments to the public and Federal aid as a percentage of State-local revenues will be higher.

⁴ When grants-in-aid from the highway trust fund are added, net expenditures total \$6,695 million, 7% of total Federal cash payments to the public, and Federal aid as a percentage of State-local revenues will be higher.

⁵ When grants-in-aid from the highway trust fund are added, net expenditures total \$7,148 million, 8.6% of total Federal cash payments to the public, and Federal aid as a percentage of State-local revenues will be higher.

Grant programs constitute the largest type of Federal financial assistance being \$6.9 billion or 95.8% of the total expenditures for all three types of aid. Shared revenues account for \$119 million or 1.7% and net loans and repayable advances for the remainder, or \$178 million, which is 2.5% of the grand total.

Included in the three kinds of financial assistance from budget and trust accounts are civil public works projects which add to State-local assets and the development of our communities. These represent an increasing portion of total Federal assistance outlays—48% in 1960 as compared to 44% in 1959 and 37% in 1958. (See summary at end of detailed table and table 4.)

Development of Federal aid.—Federal aid to State and local governments, in recent decades, has become a major factor in the cooperative financing of essential government functions. The rudiments of the present system date back to the Civil War with the enactment of the Morrill Act which established the land-grant colleges and which instituted certain federally required minimum standards, characteristic of the present grant-in-aid system. Federal aid was later initiated for agriculture, highways, vocational education and rehabilitation, forestry, and public health. In the depression years, Federal aid was extended to meet economic security and other social welfare needs. The detailed table at the end of this analysis lists the various programs of Federal financial assistance to State and local governments presently available or proposed for enactment.

Pursuant to a recommendation of the Commission on Intergovernmental Relations, the President in 1956 designated the Office of the Deputy Assistant to the President for Intergovernmental Relations to give continuing attention to interlevel problems of government. As one of its assigned duties, this office has functional responsibility for problems associated with the Federal aid system as a whole. A special assistant to the President is charged with advising on the implementation of the recommendations of the Commission on Intergovernmental Relations.

The Joint Federal-State Action Committee.—The Joint Federal-State Action Committee of governors and Federal representatives, created in July 1957 by the President and the Governors' Conference, has been engaged in a review of functions—including grants-in-aid—now performed by the Federal Government which could be assumed by the States and localities. At the same time, the Joint Committee has been reviewing those Federal revenue sources which could be relinquished to the States for the financing of programs or activities transferred to State or local governments.

This Committee, in its initial progress report, recommended the transfer of complete responsibility for vocational education and waste treatment construction grants from the Federal Government to the States. At the same time, to assist the States in financing these responsibilities, the Committee recommended that the Federal tax on local telephone service be reduced 40% following a tax credit arrangement for 5 years. The report also called for strengthening of State and local activities in urban renewal, peaceful uses of atomic energy, and for larger State and local financial participation in natural disaster relief.

The continued strength of our Federal system depends upon the States and local governments assuming greater fiscal and administrative responsibilities for functions they can best perform. To this end, the President is again

SPECIAL ANALYSIS G—Continued

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

recommending enactment of the proposals made by the Joint Committee as modified in its second report. The revised 5-year tax credit arrangement provides for: (1) a credit for new or increased taxes paid to the States on local telephone service equal to 30% of the Federal tax, or 3 percentage points of the present 10% Federal tax; and (2) the revenue equivalent of 1% of the Federal tax to be appropriated and distributed as Treasury grants to certain States as an equalizing factor. Thus, the combined credit and Treasury distribution equals 40% of the telephone tax, as originally agreed. The 1% distribution would be sufficient to supplement the credit in 37 States and the District of Columbia so as to bring each a total of at least 140% of its present grants for vocational education and waste treatment projects. The other States would receive in excess of 140% of present grants from the 3% credit alone and, therefore, would not be eligible for the supplementary Treasury funds.

The effective date of these recommended legislative changes is July 1, 1960, to permit the States to take necessary action, and hence their financial effect will be reflected in the 1961 budget.

Legislation will also be proposed in the coming session of the Congress to recognize the responsibility of State governments for cooperating with the Federal Government in protecting the public from health and safety hazards in the peaceful uses of atomic energy. The Committee's recommendation that States and localities share with the Federal Government necessary expenditures for natural disasters will be placed in effect by the Office of Civil and Defense Mobilization on July 1, 1959.

The continuing work of the Joint Action Committee is expected to result in additional recommendations for transfers of functions and revenue sources. The Committee will also study emerging problems with a view toward encouraging early action by State and local governments to assume their appropriate responsibilities in dealing with such problems.

Grants-in-aid.—Federal financial participation in programs administered by States and local governments in 1960 will total \$6.9 billion (including \$3.0 billion from the highway trust fund), an increase of \$586 million over the estimated total for 1959. The labor and welfare category accounts for 45% of grant-in-aid expenditures in 1960; commerce and housing, 48% (including highway trust fund expenditures); agriculture and agricultural resources, 5%.

About 70%, or \$5 billion, is for grants to build highways and for public assistance.

The various grant-in-aid programs provide for Federal fiscal participation in a specific function or service rendered by a State or local government. Most grant-in-aid statutes require that State and local programs meet certain standards and provide for the allocation of money among the States in accordance with various formulas. These allocation formulas vary considerably among programs. Some are statutory while others are established by the administering Federal agency on the basis of criteria listed in the laws. Some provide for distribution according to population, area, per capita income,

incidence of specific diseases, road mileage, etc.; others allot equal amounts to all States. Still others allot on a fixed percentage of State expenditures up to a specified limitation contained in the Federal law.

Generally the amounts expended for most programs of Federal aid are subject to the establishment of maximum amounts in the authorizing statutes and the necessity for annual appropriations by Congress. However, in the public assistance program the amount paid to each State is determined by a statutory formula applied to actual caseloads and individual benefit rates established by each State up to the statutory maximum subject to matching. Consequently the amount appropriated in advance does not necessarily limit the total of Federal payments for a given year. Congress customarily provides a supplemental appropriation if this is necessary to cover the claims submitted by the States.

The vocational rehabilitation formula enacted in 1954 provides for variation by States in both the allotment of funds and the requisite matching share, in inverse proportion to per capita income. Under the National Defense Education Act of 1958, grants for acquisition of equipment for science, mathematics, and foreign language instruction in public elementary and secondary schools are allotted to the States according to a national formula based on the relative school-age population of the State (positive relationship) and relative income per child of school age (inverse relationship).

Legislation governing a few grant-in-aid programs permits aid to private nonprofit agencies or institutions. The program of grants to aid in the construction of hospitals and other health facilities, administered by the Department of Health, Education, and Welfare, is an illustration. It is estimated that 55% of the Federal expenditures of \$128 million for these grants in 1960 will be used for nonprofit hospitals and other private health facilities. The program, nevertheless, is one in which the States have a central role through the preparation of statewide programs, the approval of individual projects, and the channeling of the Federal payments. Therefore, the entire amount authorized and spent for the program is included as Federal aid in this table. The part going to private institutions is indicated separately.

On the other hand, certain Federal programs may incidentally involve grants to particular State or local governmental agencies, even though they are not primarily programs of grants-in-aid or loans to State or local governments. For example, the Public Health Service and the National Science Foundation make research grants to colleges and universities, including some State and local institutions. These payments are not included in the tabulation.

In a few instances, grants-in-kind are made, usually involving commodities, services, or structures. Wherever these can be identified in the budget they have been included in this analysis. Principal among them are grants of agricultural commodities to schools, welfare departments, and other public agencies shown in the tabulation under agriculture and agricultural resources. These are supplementary to the cash grants to the national school

SPECIAL ANALYSIS G—Continued

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

lunch and special milk programs, shown under labor and welfare. However, donations of previously acquired Federal property to State and local agencies have been omitted from the tabulation.

Alaskan and other transitional grants.—To assist the first new State in 47 years, the Federal Government will provide Alaska with a special form of transitional grant in 1960 and 4 years thereafter. The Federal Government has a responsibility to provide such financial assistance as is necessary to facilitate assumption by Alaska of such programs as highway construction and maintenance, airport operations, and public health services. Previously, as a territory, special provisions applied which will no longer be effective with respect to Alaska. This transitional grant is being provided to prevent curtailment or disruption of these essential services which are now federally administered.

The grant to Alaska will be authorized up to an amount not in excess of \$10.5 million for 1960 and in declining amounts for 4 succeeding years. Under proposed legislation the State could receive the entire grant or could request that a share of the total be applied to continued Federal operations during an interim period. A large portion of these expenditures will be offset by elimination of special Federal programs which applied to Alaska as a territory. As a State, Alaska will be eligible like any other State for all grant programs available.

Legislation will be recommended to provide for an orderly withdrawal from the airport grant program by authorizing a transitional program of Federal grants to share the cost of basic facilities, such as runways and control towers. One-half, in place of three-fourths as now provided in the expiring law, of the funds appropriated would continue to be available to the States on the basis of the existing apportionment formula. The other one-half would be available for expenditure on a discretionary basis. Revenue-producing facilities, including terminals and hangars, would be locally financed. This program will require an estimated \$65 million of new obligational authority in 1960, with smaller amounts in each of the next 3 years. No expenditures will be made in 1960 for this new program.

Shared revenues.—In the budget estimates for 1960, payments of shared revenues are estimated at \$119 million, an increase of \$13 million over 1959. As shown in the tabulation, the Mineral Leasing Act, national forest fund, and tax collections for American Samoa, Puerto Rico, and Guam constitute approximately 77% of all shared-revenue expenditures.

Classified as shared revenues are (a) payments to States and localities of a portion of the proceeds from the sale of certain Federal property, products, and services; and (b) payments to the Territories of certain Federal tax collections derived within their boundaries or from transactions affecting them. Shared revenues from property and products are derived mainly from public lands in the West, and the Federal law usually requires that the State or local share be used for schools or for schools and roads in the county where the Federal lands are located. The payment of tax collections to the Territories (e. g., internal-revenue collections for Puerto Rico, the Virgin Islands,

and Samoa) are included in this analysis to the extent that they are included in budget receipts and expenditures. Some revenues collected under Federal laws for the benefit of the governments of Guam, Puerto Rico, and Virgin Islands are paid directly to those Territories, without affecting Federal budget accounts.

Loans and repayable advances.—Budget expenditures for loans are net amounts, representing for any year the gross amount of loans and advances minus credits for certain collections during the year. For 1960, net disbursements for loans and advances to State and local governments are estimated at \$178 million, a decrease of \$29 million from 1959. In a few cases, collections are not deducted from gross disbursements but, instead, are credited directly to miscellaneous receipts of the Treasury.

Loans are made to State or local governmental bodies by several Federal agencies for specified types of public improvements, such as low rent public housing, slum clearance, and urban renewal by the Housing and Home Finance Agency. Also included in the category of loans are certain advances made by the same agency for the planning of non-Federal public works and urban renewal; these advances are repayable if the planned projects are carried out.

The Temporary Unemployment Compensation Act of 1958 authorized payment of Federal extended unemployment benefits, in those States entering into agreements, equal to one-half of the benefit weeks provided by the State. Expenditures under this temporary program, which expires on April 1, 1959, totaling \$48 million in 1958 and \$412 million in 1959, are excluded from this analysis. Under the law these amounts must be restored to the Treasury through an automatic increase in the Federal unemployment tax starting in 1963, in those States receiving Federal payments, or they can be restored earlier from existing funds by State action.

Highway and Federal unemployment trust funds.—The Highway Revenue Act of 1956 established a trust fund into which proceeds from certain excises on motor fuels, tires, and vehicles are deposited and from which the Federal share of the new highway program is financed. The companion Federal-Aid Highway Act of 1956 authorized a greatly expanded Federal grant program to run over a 13-year period and to cover 90% of the cost of completing the Interstate Highway System. In addition, it provided for increased grants for primary, secondary, and urban highways.

In 1958, the Congress enacted special provisions applying to this fund, making additional money available to the States for acceleration of construction as an antirecession measure. Because of this factor and because of rising costs in this program, the President is recommending an increase of 1½ cents per gallon in the Federal tax on gasoline and is proposing other changes which will protect the future fiscal soundness of the highway trust fund.

The actual estimated receipts and disbursements of this trust fund are shown in table 2. During 1960, it is expected that grants-in-aid from this fund will total \$3,015 million, an increase of \$590 million over revised estimated expenditures for 1959, and \$1,522 million higher than for actual 1958 costs.

SPECIAL ANALYSIS G—Continued

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

TABLE 2.—Highway trust fund

[In millions]

Item	1958 actual	1959 estimate	1960 estimate
Balance in fund at start of year.....	\$516	\$1,049	\$639
Receipts:			
Excise taxes transferred from general receipts:			
Present program.....	2,116	2,130	2,217
Proposed legislation.....			723
Proposed legislation to retain aviation gasoline excises in general revenues.....			-34
Interest.....	18	13	6
Payments:			
Grants-in-aid to States.....	-1,493	-2,425	-3,015
Federal administrative costs.....	-18	-26	-29
Refunds of taxes.....	-90	-102	-93
Net accumulation (+) or expenditure (-).....	+532	-410	-224
Balance in fund at close of year.....	1,049	639	415

Under the Employment Security Financing Act, any excess receipts of the Federal unemployment tax over operating costs of the Federal-State employment security program are transferred to the Federal unemployment account to maintain a \$200 million loan fund. When the Federal unemployment trust account is at the \$200 million level, any further excess tax receipts are credited directly to the States' unemployment trust accounts. No transfers are forecast for 1959 or 1960 but \$33 million in payments were made in 1958, and are shown in this analysis as grants. In 1959 no excess is forecast; in 1960 the excess will be used toward restoring the \$200 million loan fund. Transfers of funds to maintain the \$200 million loan fund are not shown in this analysis since this is a Federal account, but repayable advances to the States from the account and repayments by the States are included on a net basis. States may borrow funds from this account for benefit payments when their own accounts have been depleted to a specified level. In 1959 these advances will total \$116 million; no advances are forecast for 1960.

Proposed legislation.—In addition to legislation not previously mentioned, Federal aid to State and local governments would be affected by several of the recommendations for legislative change which are proposed in the 1960 budget. These include measures to expand State and local participation in the financing of (a) public assistance, (b) aid for construction and operation of schools in areas affected by Federal activities, and (c) urban renewal programs. They also include proposals (d) to increase private financing of college housing, (e) to establish a uniform basis for local cost-sharing in flood control projects, (f) to provide loans and grants to aid areas of chronic unemployment. Legislation will also be proposed to convert the financing of grants for administrative expenses of the employment security program to a trust fund basis, although this will not affect the level of expenditures under the program nor its inclusion in this analysis.

Relationship to other budget figures.—The totals for Federal aid in this analysis represent budget expenditures, as defined in the introduction to part I, except for expenditures from the Federal-aid highway and the Federal unemployment trust funds. Financial transactions relating to trust fund programs are shown in part III of the budget document.

In most cases, the expenditures in a given year correspond closely to the amount of the appropriation, but there are certain programs—chiefly construction—where there are substantial differences between appropriations (or other authority to incur obligations) for any year and expenditures in that year. This arises because construction projects usually cannot be completed and paid for within a year. In some instances the expenditures for grants or loans are made from an appropriation, which also finances direct Federal operations or Federal administrative expenses. When this occurs, the amounts tabulated in this analysis ordinarily represent an estimate of that part of the expenditure which is paid as aid to State and local governments.

The detailed tabulation of Federal expenditures for aid to State and local governments is arranged according to the functional classification used in the budget document. In order that this analysis may be related readily to the analysis of investment, operating, and other budget expenditures presented in special analysis D, that tabulation shows separately in each category the amounts of Federal aid to State and local governments. In table 3, the Federal-aid programs are recapitulated to follow the outline of special analysis D.

TABLE 3.—Expenditures for Federal aid to State and local governments, classified as "Investment, operating, and other expenditures"

[From budget accounts only. In millions]

Category	1958 actual	1959 estimate	1960 estimate
Additions to Federal assets: Loans to State and local governments.....	\$137	\$207	\$178
Expenditures for other developmental purposes:			
State and local physical assets ¹	251	301	250
Private physical assets.....	60	71	72
Education, training, and health.....	333	405	429
Research and development.....	39	39	37
Engineering and natural resources surveys.....	2	3	4
Total, other developmental purposes.....	685	819	792
Current expenses for aids and special services:			
Agriculture.....	251	331	312
Business.....			2
Labor.....	324	315	317
Homeowners and tenants.....	130	186	220
Veterans.....	8	8	8
Other aids and special services.....	1,906	2,141	2,131
Total, current expenses for aids and special services.....	2,619	2,981	2,990
Other services and current operating expenses: Shared revenues and grants-in-aid.....	134	147	173
Total, net budget expenditures for Federal aid to State and local governments ¹	3,576	4,154	4,133

¹ Does not include Federal aid highway trust fund expenditures of \$1,493 million in 1958, and estimated \$2,425 million in 1959 and \$3,015 million in 1960.

SPECIAL ANALYSIS G—Continued

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

Similarly, table 4 relates this special analysis of Federal aid to special analysis F which tabulates budget and trust expenditures for public works.

TABLE 4.—Federal-aid expenditures for civil public works

[From budget and trust accounts. In millions]

Type of aid and function	1958 actual	1959 estimate	1960 estimate
Grants-in-aid:			
Labor and welfare.....	\$142	\$160	\$134
Agriculture and agricultural resources.....	16	26	28
Natural resources.....	(1)	2	1
Commerce and housing:			
Budget accounts.....	74	87	59
Federal-aid highway trust fund.....	1,493	2,425	3,015
General government.....	10	10	10
Total, grants-in-aid for public works.	1,735	2,710	3,249
Loans and repayable advances, net:			
Labor and welfare.....	3	3	1
Agriculture and agricultural resources.....	(1)	(1)	7
Natural resources.....	(1)	10	7
Commerce and housing.....	111	185	149
General government.....	2	6	7
Total, loans and repayable advances.	117	204	166
Total, net budget and trust account expenditures for Federal aid to State and local governments for public works.....	1,852	2,915	3,414

¹ Less than one-half million dollars.

District of Columbia.—Many Federal-aid programs provide financial assistance for specific public services in the District of Columbia on the same basis as in the States. In addition, this analysis includes programs of particular aid for the District of Columbia in the form of a general contribution to help defray the costs of the local government, assistance in building hospitals within the District (which is additional to aid made available under the general State-aid hospital and health facility construction program), and loans for capital outlays under the District government's public works program.

Other financial relationships.—Apart from grants-in-aid, loans, and shared revenues, many other Federal expendi-

tures and policies affect the finances of State and local governments. Types of transactions not covered in the tabulation of aids include the following:

(a) Reimbursements for various specific services, such as payments to public educational institutions for tuition of veterans and of students from the Armed Forces and payments to local governments for care of Federal prisoners in local institutions.

(b) Contractual payments, or alternatively research grants, to public institutions for research and training in specified fields.

(c) Provision of radiological monitoring devices to States and cities for civil defense training and operational use.

(d) The value of surplus educational and hospital supplies, materials, and equipment, and real estate donated or sold at substantial discounts to State and local agencies.

(e) The payment of property taxes, or payments in lieu of property taxes, made upon Federal property under the provisions of various laws. When such payments are based upon a percentage of revenues, however, as in the case of the Tennessee Valley Authority, they are included in the shared-revenue section of the table.

In addition, the table does not reflect various indirect financial benefits accruing to State and local governments, such as exemption from Federal income tax of interest paid on State and local debt; the indirect Federal guaranty of municipal obligations issued for low-rent housing and urban renewal; deductions of State and local income, property, and other taxes from personal and corporate incomes in computing Federal income tax; services rendered to other governmental units by Federal agencies in the ordinary course of their operations; and some programs administered cooperatively for the purposes of crop reporting or the National Guard.

Some of these financial benefits, of course, have counterparts in the form of services rendered or occasional payments made to the Federal Government by the States or their subdivisions.

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

Based on existing and proposed legislation

[In thousands]

Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate	Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS					BUDGET ACCOUNTS—Continued				
Grants-in-Aid					Grants-in-Aid—Continued				
Veterans' services and benefits:					Labor and welfare—Continued				
Veterans Administration:					General Services Administration: Hos-				
Aid to State homes ¹	105	\$5,971	\$6,158	\$6,480	pital facilities in D. C. (private non-				
State supervision of schools and train-					profit) ²	213	\$936	\$1,900	\$1,423
ing establishments ¹	106	2,355	2,150	2,000	Department of Agriculture: National				
Total, veterans' services and bene-					school lunch and special milk pro-				
fits.....		8,326	8,308	8,480	grams ¹	217	164,820	216,774	173,391
Labor and welfare:					Department of Health, Education, and				
National Science Foundation: Grants for					Welfare:				
research equipment ¹	215	540	1,682	3,525	Public assistance.....	212	1,794,687	1,985,000	2,018,400
					Grants for social security training and				
					studies ¹	212			700
					Hospital construction ¹	213	105,292	122,800	127,500

See footnotes pp. 987-988.

SPECIAL ANALYSIS G—Continued

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate	Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS—Continued					BUDGET ACCOUNTS—Continued				
Grants-in-Aid—Continued					Grants-in-Aid—Continued				
Labor and welfare—Continued					Agriculture and agricultural resources—Continued				
Department of Health, Education, and welfare—Continued					Department of Agriculture—Continued				
Portion to private nonprofit institutions.....	213	(\$57,905)	(\$67,540)	(\$70,290)	Payments to States, Territories, and possessions, Agricultural Marketing Service.....	355	\$1,160	\$1,160	\$1,160
Surveys and planning for hospital construction.....	213	124							
Assistance to States, general, public health ¹	213	14,931	15,300	14,700	Total, agriculture and agricultural resources.....		278,195	365,600	350,068
Control of venereal diseases ¹	213	1,676	2,350	1,650					
Control of tuberculosis ¹	213	4,489	4,000	3,000	Natural resources:				
Mental health activities ¹	213	3,944	4,000	4,000	Department of Agriculture:				
National Heart Institute ¹	213	2,044	2,125	2,125	Forest protection and utilization ¹	402	11,824	12,000	11,000
National Cancer Institute ¹	213	2,214	2,250	2,250	Assistance to States for tree planting.....	402	51	389	20
Maternal and child welfare.....	213	40,723	43,300	43,500	Department of the Interior:				
Grants and special studies, Alaska ¹	213	1,638	1,638		Bureau of Reclamation:				
Water pollution control ¹	213	2,528	2,700	2,700	Disposal of Coulee Dam community ¹	401	10	90	74
Hospital and medical care, Hawaii ¹	213	1,241	1,000	1,000	Grants for small reclamation projects.....	401	1	131	
Construction grants for waste treatment facilities.....	213	16,884	30,000	30,000	Bureau of Indian Affairs: Resources management.....	401	475	475	675
Grants for construction of health research facilities ¹	213	2,915	5,000	5,000	Drainage of anthracite mines.....	403	415	2,000	1,400
Poliomyelitis vaccination program.....	213	309	65		Federal aid in fish restoration and management ¹	404	5,224	5,000	5,000
Assistance for school construction and operation in federally affected areas:					Federal aid in wildlife restoration ¹	404	13,330	14,000	13,500
School construction ¹	214	4,397	69,444	41,850	Total, natural resources.....		31,330	34,085	31,669
Maintenance and operation of schools ¹	214	104,143	112,850	129,800					
Vocational education.....	214	39,192	39,740	39,740	Commerce and housing:				
Colleges for agriculture and the mechanic arts.....	214	5,052	5,052	5,052	Office of Civil and Defense Mobilization:				
Defense educational activities.....	214		46,040	53,580	Federal contributions.....	520	8,324	15,300	15,500
Grants for expansion of teaching in education of the mentally retarded ¹	214			160	Research and development ¹	520	5,443	2,444	
Vocational rehabilitation ¹	217	40,789	47,500	53,063	Funds appropriated to the President:				
Education of the blind.....	217	328	400	400	Disaster relief ¹	521	11,897	11,477	11,140
Grants for library services.....	215	4,892	5,650	6,000	Federal Aviation Agency: Federal-aid airport program ¹	513	42,870	49,877	54,628
White House Conference on Aging ¹	217		170	544	Small Business Administration: Grants for research.....	518		1,400	2,080
Department of the Interior: Bureau of Indian Affairs: Education and welfare services ¹	214	7,337	8,100	3,675	Housing and Home Finance Agency:				
Department of Labor: Unemployment compensation and employment service administration ¹	211	290,680	314,760	316,645	Slum clearance and urban renewal, capital grants ²	515	35,232	75,646	100,000
Treasury Department: Credit to State accounts in unemployment trust fund ¹	211	33,453			Urban planning grants.....	515	1,953	3,200	3,500
Total, labor and welfare.....		2,762,198	3,091,590	3,085,673	Defense community facilities and services ²	516	1,266	267	
Agriculture and agricultural resources:					Low rent housing program—annual contributions ²	516	94,579	110,824	119,630
Department of Agriculture:					Department of Commerce:				
Commodity Credit Corporation and removal of surplus agricultural commodities: Contributions to school lunch program and to other public agencies.....	351	173,575	245,669	227,769	State marine schools ¹	511	368	312	440
Watershed protection ²	354	7,573	14,515	16,115	Reimbursement to highway fund (District of Columbia).....	512	200		
Flood prevention ¹	354	9,209	11,700	11,970	Public lands highways ¹	512	2,755	3,636	
Cooperative agricultural extension work ¹	355	56,520	61,517	62,020	Elimination of grade crossings.....	512	130		
Agricultural experiment stations ¹	355	30,158	31,039	31,034	Surveys and plans.....	512		278	
					Forest highways ¹	512	22,217	27,118	
					Department of Health, Education, and Welfare: Defense public works, community facilities.....	515	13	42	
					Department of the Interior:				
					Virgin Islands public works.....	515	14	77	
					Alaska public works ²	515	3,461	3,809	1,500
					Proposed legislation: Department of Commerce: Area assistance grants ²	518			2,000
					Total, commerce and housing.....		230,722	305,707	310,418

¹ Part of a larger appropriation account.² Part of a larger appropriation account. A related part of this appropriation is shown under repayable advances.

SPECIAL ANALYSIS G—Continued
FEDERAL AID TO STATE AND LOCAL GOVERNMENTS—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate	Function, agency, and program	Functional code	1958 actual	1959 estimate	1960 estimate
BUDGET ACCOUNTS—Continued					BUDGET ACCOUNTS—Continued				
Grants-in-Aid—Continued					Net Loans and Repayable Advances				
General government:					Labor and welfare:				
National Capital Planning Commission:					General Services Administration: Hospital facilities in District of Columbia (private nonprofit) ^a	213	\$3,133	\$2,250	\$1,499
Acquisition of lands in Maryland	609	\$227	\$627	\$900	Agriculture and agricultural resources:				
Department of the Interior:					Watershed protection ^a	354	11	900	900
Grants to American Samoa, Guam, and the Trust Territories	609	7,205	5,927	6,801	Natural resources:				
Care and custody of Alaska insane	609	71			Department of the Interior: Bureau of Reclamation:				
District of Columbia: Federal contribution ¹	609	20,000	29,000	32,000	Small reclamation projects ^a	401	301		
Proposed legislation: Funds appropriated to the President: Transitional grants to Alaska	610			10,500	Loans for small irrigation projects and distribution systems	401		9,680	6,790
Total, general government		27,503	35,554	50,201	Commerce and Housing:				
Total, grants-in-aid		3,338,274	3,840,844	3,836,509	Office of Civil and Defense Mobilization: Procurement fund	520	216	-52	39
Shared Revenues					Small Business Administration: Loans to State and local development companies	518		1,934	6,700
Agriculture and agricultural resources:					Housing and Home Finance Agency:				
Department of Agriculture: Submarginal land program	354	558	400	400	Public facility loans ^a	515	10,649	23,950	29,780
Natural resources:					Public works planning ^a	515	2,370	7,156	7,720
Federal Power Commission: Federal Power Act	401	44	49	59	Slum clearance and urban renewal ^a	515	19,912	1,033	1,000
Tennessee Valley Authority: Payments in lieu of taxes	401	5,272	5,907	6,279	Low rent housing program	516	-3,455	11,301	-300
Department of Agriculture: National forests fund, to States for counties and schools	402	27,129	22,368	28,728	Community facilities	516	-1,348	-936	-900
Department of Defense—Civil Functions: Flood Control Act of 1954, to States, Army	401	1,531	1,403	1,500	College housing ^a	517	99,080	140,100	111,600
Department of the Interior:					Department of the Interior: Alaska public works ^a	515	4,069	3,809	1,500
Grazing receipts to States	401	359	425	464	Proposed legislation: Department of Commerce: Area assistance loans ^a	518			4,000
Payments to States, sales of public land and materials	401	198	175	228	General government:				
Alaska school lands, income and proceeds	401	22	15		District of Columbia: Loans for capital outlays	609	2,000	6,046	7,404
Columbia Basin project, payments in lieu of taxes ¹	401	20	20	20	Total, for loans and repayable advances		136,938	207,221	177,732
Boulder Canyon project, payments to Arizona and Nevada	401	600	600	600	Total, all net budget expenditures		3,576,091	4,154,099	4,133,364
Oregon and California land-grant fund, to counties	402	10,106	10,976	12,000	TRUST FUNDS				
Payment to Coos and Douglas Counties, Oregon, on Coos Bay Wagon Road grant lands	402	24	70	50	Commerce and housing:				
Payments to Oklahoma from oil and gas royalties	403	9	15	15	Department of Commerce: Bureau of Public Roads: Federal-aid highways (grant)	500	1,493,218	2,425,360	3,015,417
Mineral Leasing Act, to States	403	32,169	38,300	43,275	Labor and welfare:				
Payments to Alaska, coal leases	403	43	110	110	Treasury Department: Unemployment trust fund (loans)	200	2,635	116,000	
Payments to counties, Migratory Bird Conservation Act	404	710	1,488	1,445	Total, trust funds		1,495,853	2,541,360	3,015,417
Payment to Wyoming in lieu of taxes, Grand Teton National Park	405	27	29	30	Total, net budget and trust fund expenditures for grants-in-aid, shared revenues, loans and repayable advances		5,071,944	6,695,459	7,148,781
Total, natural resources		78,263	81,950	94,803	SUMMARY				
General government:					Grants-in-aid, loans, and repayable advances for civil public works:				
Department of the Interior: Internal revenue collections, Virgin Islands	609	3,379	3,872	3,872	Budget accounts		359,165	489,715	398,847
Treasury Department: Tax collections for American Samoa, Puerto Rico, and Guam	609	18,679	19,812	20,048	Trust funds		1,493,218	2,425,360	3,015,417
Total, general government		22,058	23,684	23,920	Grants for hospital construction to private nonprofit institutions		57,905	67,540	70,290
Total, shared revenues		100,879	106,034	119,123	Other grants-in-aid, shared revenues, loans and repayable advances		3,161,656	3,712,844	3,664,227
					Total, net budget and trust fund expenditures for grants-in-aid, shared revenues, loans and repayable advances		5,071,944	6,695,459	7,148,781

^a Part of a larger appropriation account. A related part of this appropriation is shown under grants-in-aid.

¹ Part of a larger account.

Part of a larger appropriation account.

SPECIAL ANALYSIS H

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS

This analysis summarizes Federal expenditures in 1958, 1959, and 1960 for research and development—the systematic quest for new knowledge about natural and social phenomena and its application to the advancement of the Nation's industrial technology, welfare, and security. Included are expenditures for the performance of research under the head "Conduct of research and development" and for the construction, improvement, and equipping of research facilities under the head "Research and development facilities." The contribution of the Federal Government to scientific training is dealt with in a supplementary section at the end of this text.

The special analysis includes this year for the first time a substantial portion of the expenditures for research and development and supporting test and evaluation activities of the Department of Defense which have been excluded from tabular presentations in previous years because they were financed out of procurement appropriations. However, because of certain technical problems in the transition to the new budget structure of the Department of Defense in 1960, it has not been possible to reconstruct estimated expenditures for 1958 and 1959 which are fully comparable to the 1960 estimates. Nor has it been possible to include in the tables estimates of additional expenditures for research and development support remaining in procurement appropriations which amount to about \$2 billion in each of the 3 years. These problems are discussed further in the section on the Department of Defense below.

Net budget expenditures for Federal scientific research and development programs, exclusive of amounts from Defense procurement funds mentioned above, are estimated to be \$5,484 million in 1960. This represents a substantial increase over 1958 and 1959, although the increase is not as great as indicated because of the lack of full comparability with the 1960 estimates of the amounts included for the Department of Defense for 1958 and 1959.

TABLE 1.—Total Federal research and development expenditures
[In millions]

Purpose	1958 actual	1959 estimate	1960 estimate
Conduct of research and development ¹	\$3,203	\$4,483	\$5,096
Research and development facilities.....	295	358	388
Total ¹	3,498	4,841	5,484

¹ The increase in 1960 is somewhat less than indicated because figures for 1958 and 1959 for the Department of Defense are not fully comparable with those for 1960 as a result of changes in the appropriation structure. The totals for each year also exclude about \$2 billion expenditures from Department of Defense procurement funds which support research and development.

Over four-fifths of the expenditures of the Federal Government for research and development are directed primarily to national security needs. The total for this purpose is estimated at \$4,572 million in 1960. The Department of Defense programs for new and improved weapons, equipment, and defense techniques account for 68% of total 1960 expenditures shown; the research and

development programs of the Atomic Energy Commission account for 15%. Much of this research also contributes to the civilian economy and to improvements in the health, welfare, and technological advancement of the Nation as a whole. Of particular note is the substantial support given by the Atomic Energy Commission to the development of atomic power for civilian application.

Expenditures for other than major national security programs are estimated at \$912 million in 1960 or 17% of total Federal research and development expenditures. Of this amount 30% is for programs of the National Aeronautics and Space Administration and 27% is for programs of the Department of Health, Education, and Welfare, chiefly the medical research activities conducted and supported by the Public Health Service. Substantial programs of research and development are also conducted by the Departments of Agriculture, Interior, and Commerce, the National Science Foundation, and the Federal Aviation Agency.

Of the total expenditures for conduct of research and development, by far the greatest part goes for development work and the related activities of test and evaluation. In 1960 the total amount for research, as distinguished from development, is estimated at more than \$1.3 billion, of which about \$500 million is for the Department of Defense and over \$800 million for all other agencies. These amounts cannot be estimated with precision because it is difficult to draw a line between applied research and general technical development and because many of the major developmental projects, especially in the Department of Defense, include amounts for both research and development.

Within the amounts for research, expenditures for basic research, which has for its purpose increasing the fundamental scientific knowledge that underlies the Nation's research and development and its technological progress, will continue to increase in 1960. Including \$80 million in expenditures of the National Science Foundation for basic research as well as the amounts spent by other agencies for basic research related to their scientific missions, it is estimated that about \$500 million will be devoted to such research in 1960. Of this total, about \$100 million is for basic research now identified in programs of the Department of Defense and an equivalent amount is for basic research in the National Aeronautics and Space Administration.

The Federal Government supports about half the research and development of the Nation. Private industry finances much of the remainder, and smaller amounts are expended from funds of foundations, educational institutions, and by State and local governments.

Of the total Federal research and development expenditures, more than half are made through contracts with private industry and through grants and contracts with universities. The remainder are made directly by Government research laboratories and other facilities.

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

TABLE 2.—Division of Federal expenditures for research and development between major national security and other programs

(In millions)			
Fiscal year	Major national security	Other	Total
1940	\$26	\$48	\$74
1941	144	54	198
1942	211	69	280
1943	472	130	602
1944	1,178	199	1,377
1945	1,372	219	1,591
1946	784	131	918
1947	768	130	898
1948	698	155	853
1949	880	191	1,080
1950	871	209	1,080
1951	1,063	235	1,298
1952	1,565	250	1,815
1953	1,830	270	2,100
1954	1,806	279	2,085
1955	1,804	281	2,085
1956 ¹	2,202	336	2,538
1957 ¹	2,596	431	3,027
1958 ¹	2,988	510	3,498
1959 ¹	4,108	732	4,841
1960 ¹	4,572	912	5,484

¹ Figures under "Major national security" and "Total" for 1956 and subsequent years include the pay and allowances of Department of Defense military personnel assigned to research and development activities, amounting to about \$200 million each year.

² Figures under "Major national security" and "Total" for 1958 and subsequent years include a substantial portion of the amounts for Department of Defense research and development previously financed out of procurement appropriations. Figures prior to 1958 exclude these amounts. Because of changes in appropriation structure of the Department of Defense, the expenditures shown for 1958 and 1959 are not fully comparable with those for 1960, and the increase in 1960 is somewhat less than indicated. The amounts also exclude the expenditures in support of research and development which will continue to be financed from Department of Defense procurement funds, estimated at about \$2 billion each year in 1958, 1959, and 1960.

In this analysis the term conduct of research and development includes activities in which the primary aim is either to develop new knowledge or to apply existing knowledge to new uses. These activities may be carried out in Government installations or in the facilities of private, State, or local organizations using Federal funds. Generally excluded from this definition are expenditures for routine testing, mapping and surveys, experimental production, information activities and training programs including fellowships for the support of graduate students in the sciences. This special analysis also omits expenditures for the collection of general-purpose statistics by the Census Bureau, Bureau of Labor Statistics, and other agencies, some of which expenditures were included in the similar tabulations of Federal research and development programs in preceding budgets. The principal statistical programs of the Federal Government are discussed in special analysis I on this budget.

Expenditures for research and development facilities include amounts for physical facilities such as land, buildings, and major equipment, regardless of whether the facility is to be used or owned by the Federal Government or by a private, State, or local organization.

All expenditures in this special analysis are net budget expenditures as defined in the introduction to part I of the budget; the estimated amounts include expenditures from supplemental appropriations proposed for later transmission. Table 16 relates the figures in this special analysis to those in the analysis of the investment, operating, and other budget expenditures presented in special analysis D.

DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS

The research, development, test, and evaluation programs of the Department of Defense include basic research to add to the store of knowledge on which significant future military developments may be based; applied

research and technical developments to exploit military potentialities of new scientific findings; and development, test, and evaluation of new and improved weapons and equipment to increase the effectiveness of the military forces. These activities are conducted by the three military departments and the Advanced Research Projects Agency, under the direction of the Office of the Director of Research and Engineering, which is being established as provided by the Defense Reorganization Act of 1958.

TABLE 3.—Estimated expenditures of the Department of Defense for research and development

(In millions)			
Function and purpose	1958 actual	1959 estimate	1960 estimate
060 Major national security:			
Conduct of research and development ¹			
Research and development facilities	\$2,178.6	\$3,174.6	\$3,602.7
	135.8	107.4	89.4
Total, Department of Defense ¹	2,314.4	3,282.0	3,692.1

¹ Increase in 1960 is somewhat less than indicated because figures for 1958 and 1959 are not fully comparable with those for 1960; as a result of changes in the appropriation structure amounts for 1958 and 1959 exclude certain expenditures from prior year procurement appropriations for items reclassified as research, development, test, and evaluation in 1960. The totals for each year also exclude about \$2 billion expenditures from procurement funds which support research and development.

CONDUCT OF RESEARCH AND DEVELOPMENT

As explained in the President's budget message and in the part II of the budget, the 1960 budget for military functions of the Department of Defense is presented in a new form which will permit consideration of the military budget on a more uniform basis. Although a clearer and more comprehensive presentation of the research, development, test, and evaluation activities of the Department of Defense is one of the principal objectives of the revised budget structure, the initial transition reflected in the 1960 budget has created special problems in estimating expenditures for these programs in 1960 and in reconstructing comparable figures for 1958 and 1959.

In previous years, the amounts for conduct of research and development shown for the Department of Defense in this special analysis have consisted of the amounts included in the military research and development appropriations as then constituted, plus an estimate of the military personnel costs applicable to research and development activities. As explained in the text in previous years, these estimates covered only a part of the Department's research, development, test, and evaluation activities, with the principal omission being the large amounts for these purposes included in the procurement appropriations. In the 1960 budget, a substantial portion of these amounts has been consolidated with the former research and development appropriations in the new appropriations for research, development, test, and evaluation, and most of the obligations for development, test, and evaluation remaining in the procurement appropriations have been separately identified. The items retained in the procurement appropriations in 1960 have been determined on the basis of the particular practical problems of each military department in the transition to the new structure, and include for example, major missile and aircraft systems under development in the Air Force and Navy whereas corresponding items in the Army have been included in the new research, development, test, and evaluation appropriation. Nevertheless, by combining the amounts in the

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

new research, development, test, and evaluation appropriations with the amounts for development, test, and evaluation support which have been identified in the procurement appropriations, it is possible to present, on a fairly comprehensive and comparable basis, the total estimated obligations for conduct of military research and development by the Department of Defense contemplated in the 1960 budget. As shown in table 5 below, the amounts provided in 1960 will continue the higher level of effort now underway as a result of the substantial increases made in 1959.

With respect to expenditures, however, it has not been possible to reconstruct comparable 1958 and 1959 estimates for the new research, development, test, and evaluation appropriations being established in 1960, or to estimate precisely the expenditures corresponding to the amounts for development, test, and evaluation support remaining in the procurement appropriations. As shown in table 4, the expenditures that have been included in the special analysis this year consist of the amounts shown in the budget for the new research, development, test, and evaluation title of the Department of Defense budget and the estimated expenditures for military personnel and revolving and management fund transactions applicable to research and development activities, and are subject to the qualifications indicated. If fully comparable figures were available, it is believed that the expenditures for the research, development, test, and evaluation title would be considerably higher than shown in 1958 and 1959, but that 1960 would still be somewhat higher than 1959 because of the impact on 1960 expenditures of the substantial increase in obligations from 1958 and 1959. While no accurate figures are available for the expenditures from procurement appropriations for development, test, and evaluation support, it is believed that they would represent an additional amount of about \$2 billion each year.

TABLE 4.—Estimated expenditures of the Department of Defense for conduct of research and development by budget title

[In millions]

Budget title	1958 actual	1959 estimate	1960 estimate
Research, development, test, and evaluation appropriations ¹	\$2,034.2	\$3,020.4	\$3,384.3
Procurement appropriations.....	(2)	(2)	(2)
Military personnel appropriations.....	188.5	196.9	194.5
Revolving and management funds ²	-44.1	-42.7	23.9
Total estimated expenditures, conduct of research and development.....	2,178.6	3,174.6	3,602.7

¹ Figures shown for 1958 and 1959 under the new title "Research, development, test, and evaluation" are estimates and are not fully comparable to the estimates shown for 1960. The research, development, test, and evaluation appropriations for 1960 contain certain items and programs that were funded in other appropriations in prior years. In adjusting 1958 and 1959 data to a basis comparable with the proposed 1960 appropriation structure, the adjustments were limited to the items and projects that were shifted in 1960. It was not feasible to effect complete comparability by adjustment for items and projects that would have been shifted to research, development, test, and evaluation appropriations if the concept proposed for 1960 had been introduced in 1958 and 1959.

² About \$2 billion each year; more accurate estimates are not available.

³ Reflects net effect on total expenditures of research, development, test, and evaluation funds advanced to and disbursed by revolving and management funds.

Planned obligations for research, development, test, and evaluation are shown by major fields in table 5. Missile development will continue in 1960 to represent the largest area of activity. Increasing emphasis on solid propellant missiles and on the problem of defense against ballistic missiles are offset in 1960 by reduced funding requirements for missile systems going into production for service use. In the field of manned aircraft, much of the effort in 1960 will center on the develop-

ment of new types of aircraft such as the B-70 and F-108 which will operate in high supersonic speed ranges and on the attendant problems of structures, propulsion, navigation, communications, and other equipment and components. Other problems of special interest are improvement of antisubmarine warfare capabilities and developments supporting new battlefield concepts; projects concerned with these problems are included in several of the fields shown. Although a decrease is estimated in the field of astronautics, a number of applications of military interest will be supported, and the apparent decrease in this area will be more than offset by increases in the space programs of the National Aeronautics and Space Administration. The amounts shown for management and support include only those amounts not directly distributed to the other fields.

TABLE 5.—Estimated obligations of the Department of Defense for conduct of research, development, test, and evaluation

[In millions]

Budget title and program	1958 actual	1959 estimate	1960 estimate
Research, development, test, and evaluation appropriations:			
1. Military sciences.....	\$334.4	\$360.3	\$371.9
2. Aircraft and related equipment.....	442.5	472.6	487.3
3. Missiles and related equipment.....	904.3	1,341.8	1,437.6
4. Military astronautics and related equipment.....	17.4	345.9	309.1
5. Ships and small craft and related equipment.....	132.1	158.7	167.7
6. Ordnance, combat vehicles, and related equipment.....	179.1	188.8	235.0
7. Other equipment.....	323.6	379.9	430.8
8. Programwide management and support.....	135.1	137.8	133.0
9. Emergency fund and expired accounts.....	34.2	136.1	150.0
Total direct obligations, research, development, test, and evaluation appropriations.....	2,502.7	3,521.9	3,722.4
Procurement appropriations: ¹			
1. Aircraft.....	221.5	476.4	729.9
2. Missiles.....	1,367.3	1,253.7	1,062.3
3. Other.....	67.2	91.6	51.2
Total direct obligations, procurement appropriations.....	1,656.0	1,821.7	1,843.4
Military personnel appropriations.....	188.5	196.9	194.6
Total direct obligations.....	4,347.2	5,540.5	5,760.3

¹ Estimated amounts for items identified as development, test, and evaluation support.

RESEARCH AND DEVELOPMENT FACILITIES

Estimates of expenditures for the research, development, and test facilities of the Department of Defense shown in table 3 include all military construction at installations having as their primary mission research, development, and testing, and that part of construction at other installations which is in support of research, development, test, and evaluation programs. The decline in expenditures for the period shown reflects primarily the completion of a major expansion of development and test facilities required in support of the ballistic missile and other programs. A major program currently underway is the extension of the capabilities of the Pacific missile range to accommodate space and missile programs.

MILITARY ASSISTANCE

As part of the military assistance program, the United States cooperates through the mutual weapons development program with a number of foreign countries to accelerate the development of advanced weapons. Current participants in the program, which is administered by the Department of Defense, are the United Kingdom,

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

France, the Netherlands, Belgium, Norway, Italy, West Germany, Denmark, and Turkey. Negotiations are currently carried on to extend this program to additional countries. Projects are financed by the United States and the countries undertaking particular developments. In some cases the United States exchanges information and provides technical assistance in addition to or in place of financial assistance.

The projects are conducted by scientists and technicians of the participating countries and are directed at developing equipment, weapons, and techniques which fulfill mutual defense requirements and utilize outstanding research and development contributions by these countries. Expenditure estimates in table 6 represent United States participation.

TABLE 6.—*Expenditures of the mutual weapons development program for research and development*
(In millions)

Function	1958 actual	1959 estimate	1960 estimate
060 Major national security.....	\$34.8	\$35.1	\$33.0

Beginning in 1959, part of the expenditures will be incurred in foreign currencies. It is estimated that approximately the equivalent of \$3 million in such currencies will be expended in 1959 and \$6 million in 1960.

ATOMIC ENERGY COMMISSION

The Atomic Energy Commission's program includes both basic research and applied research and development. Basic research is conducted in the physical and life sciences to secure a better understanding of nuclear processes and subatomic particles and of the effect of nuclear radiation on living organisms. The applied research and development includes efforts to improve the processes used in the production of special nuclear materials, to improve weapon types, and to find ways of obtaining useful power from nuclear reactions, including controlled thermonuclear reactions. While a large portion of this research program is of necessity aimed at military uses of atomic energy, an increasing portion is devoted to civilian applications. Moreover, the effort placed on military uses produces much information necessary to progress in the application of atomic energy for civilian purposes. The research and development program is carried on in the Commission's contractor-operated laboratories, in universities and other private research institutions, and by other industrial contractors.

TABLE 7.—*Expenditures of the Atomic Energy Commission for research and development*
(In millions)

Functions and programs	Conduct of research and development			Research and development facilities		
	1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
060 Major national security:						
Production and weapons.....	\$110.6	\$104.3	\$85.5	\$8.5	\$14.8	\$7.3
Reactor development.....	289.6	350.3	379.6	64.9	93.3	110.2
Physical research.....	82.2	118.8	135.7	14.7	30.7	37.4
Biology and medicine.....	33.7	41.4	47.0	4.0	1.5	1.6
Isotopes development.....	-----	2.8	4.1	-----	1.2	1.5
Equipment not included above.....	-----	-----	-----	28.8	32.2	35.7
Total, Atomic Energy Commission.....	516.1	617.6	651.9	120.9	172.7	193.7

The program of research and development for production and weapons is directed to developing improved production methods which would increase the capacity and efficiency of the plants producing special nuclear materials, and to developing concepts which lead to improved weapons and weapons with special characteristics, such as small weapons for tactical and defensive purposes and weapons largely free from radioactive fallout. In addition, research and development with devices directed toward the development of nonmilitary uses of nuclear explosions is being pursued.

In the field of reactor development, increasing effort is being devoted to developing means for producing economic electric power from atomic reactors through a variety of technical approaches. Several nuclear power-plant design studies are being undertaken. The Commission is also continuing the development of reactors for the propulsion of commercial ships. Supplementing these specific projects is the advanced development of reactor materials, fuel elements, fuel separation systems, and reactor safety, which are applicable to many reactor designs and applications. Expenditures for research and development facilities in this area are mainly for engineering laboratory buildings, facilities for testing reactor experiments, and experimental civilian atomic power reactors.

The Commission is developing numerous types of reactors for military use, principally propulsion reactors for military aircraft, missiles and naval combatant ships. Increased emphasis is being given to the development of satellite power reactors and propulsion reactors suitable for use in destroyers, including the construction of a prototype destroyer reactor. By 1960, prototypes of several other naval propulsion reactors will be completed and placed in operation. In addition, reactors are being developed in cooperation with the Army to meet a variety of specialized military requirements.

The program of research in the physical sciences seeks out fundamental scientific truths; moreover, it contributes important basic data for use in the solution of problems related to the development programs discussed above. A major portion of the effort is to develop a fundamental understanding of atomic structure and forces through the use of particle accelerators, including those in the multi-billion electron volt range. Considerable effort is also placed on research on the physical, chemical, and metallurgical properties of materials used in the Commission's programs. Much of the information developed yields applications beyond the field of atomic energy. Construction expenditures include those for four new multibillion electron volt particle accelerators at Brookhaven National Laboratory, Upton, Long Island; Cambridge, Mass.; Princeton, N. J.; and Argonne Laboratory, Lemont, Ill.

Continued emphasis is being given to the development of experimental devices to achieve controlled thermonuclear reactions. Design, fabrication, and operation of improved devices of intermediate size is going forward at four Commission laboratories. Additional laboratory facilities are being constructed, primarily at Princeton University.

The program of research in biology and medicine is primarily aimed at securing an understanding of the effects of radiation on living organisms, developing methods of minimizing such effects, and analyzing the long-term effects of radiation hazards. An increasing effort is being placed on the development of methods of using atomic energy in biological research and in the diagnosis and treatment of human diseases.

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

In the field of isotope development increasing effort is being devoted to development of practical applications for use of radioisotopes in medicine, agriculture and industry. The Commission will participate in research and development projects with industrial and research organizations with the ultimate objective of exploiting the practical application of radioisotopes and applied radiation to industrial products, processes, and manufacturing methods.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The National Aeronautics and Space Administration is responsible for conducting space programs other than those of specific military interest and for continuing the research programs of the National Advisory Committee for Aeronautics, which was terminated when the Administration was established October 1, 1958. In carrying out its program, the Administration utilizes the capabilities of universities, industry, and other Government agencies and operates directly three research laboratories, a center for the conduct of space projects, and two flight stations; a fourth research laboratory is operated by contract.

TABLE 8.—*Expenditures of the National Aeronautics and Space Administration for research and development*
[In millions]

Function and purpose	1958 actual	1959 estimate	1960 estimate
500 Commerce and Housing: Conduct of research and develop- ment.....	\$72.0	\$128.0	\$245.0
Research and development facili- ties.....	17.2	25.0	35.0
Total, National Aeronautics and Space Administration.....	89.2	153.0	280.0

During 1959 the Administration is inaugurating an extensive program of scientific investigations in space. Satellites, lunar probes, and deep space probes will be used to increase understanding of the earth's outer atmosphere; the medium of space; the moon and the planets; the earth's gravitational, magnetic and electric fields; radiation from space; and other phenomena. Of future practical importance are programs in the fields of meteorology and communications. The space technology program includes projects directed toward an early and substantial increase in the capability to place very heavy objects in space; these projects include high energy fuel rockets, a million pound thrust single chamber engine, and, in cooperation with the Atomic Energy Commission, a nuclear rocket engine. Special emphasis is being placed on development of the technology of manned space flight.

The increase in expenditures for conduct of research and development shown for 1960 reflects the planned intensification of the Administration's programs in all of the fields outlined above and the initiation of new programs such as preliminary studies looking toward future development of an orbiting space laboratory. Research in support of military aircraft and missile programs will be continued in 1960 at approximately the same level as previously conducted by the National Advisory Committee for Aeronautics.

Increases of research and development plant currently underway or planned for 1959 in support of the Administration's space programs include initiation of the Space

Projects Center, to be located at Beltsville, Md.; extension of the capabilities of the Pilotless Aircraft Station at Wallops Island, Va., to accommodate launching of space vehicles; improvement of tracking networks; and establishment of space propulsion development and test facilities. Additions to the Space Projects Center proposed for 1960 include a central flight control and operations facility, a space sciences laboratory, and an instrument laboratory. Other new projects proposed for 1960 include special equipment for the X-15 research aircraft program; a facility for applied research in the problems of ion and plasma propulsion of spacecraft; and establishment of launching facilities at the Pacific missile range of the Department of Defense. In both years improvements of the existing facilities of the research centers will continue to be made.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The major research expenditures of the Department of Health, Education, and Welfare are under programs of the Public Health Service. Research is also conducted in the Department by the Office of Education, the Food and Drug Administration, the Office of Vocational Rehabilitation, and the Social Security Administration.

TABLE 9.—*Expenditures for the Department of Health, Education, and Welfare for research and development*
[In millions]

Function	1958 actual	1959 estimate	1960 estimate
210 Labor and welfare.....	\$179.2	\$235.7	\$250.8

The expenditures of the Public Health Service for research are chiefly by the various institutes of the National Institutes of Health, organized by disease category, as illustrated in the following.

TABLE 10.—*Expenditures of the Public Health Service for research and development*
[In millions]

Organizational unit and program	1958 actual	1959 estimate	1960 estimate
National Institutes of Health:			
Cancer.....	\$38.0	\$49.8	\$50.3
Mental Health.....	17.6	18.4	21.2
Heart.....	24.9	29.6	31.4
Dental Research.....	3.8	4.7	4.7
Arthritis and Metabolic Diseases.....	15.0	23.6	24.0
Allergy and Infectious Diseases.....	16.2	19.9	20.2
Neurological Diseases and Blindness.....	13.6	18.4	18.7
General research and other.....	13.2	21.8	26.3
Grants for construction of medical and dental research facilities.....	12.1	20.0	20.0
Bureau of State Services.....	13.3	15.2	16.6
Other, Public Health Service.....	2.9	2.9	3.1
Total, Public Health Service.....	170.6	224.3	236.5

One-quarter of the Public Health Service expenditures is spent for research undertaken in Government laboratories. The balance is for grants to universities, hospitals, and other research centers for medical research in the causes and cure of diseases and for related basic research in the life sciences. These grants include funds for the conduct of research and for the support of research facilities. In 1957 a 3-year program of matching grants to universities and other nonprofit institutions was enacted, authorizing a total of \$90 million in assistance for the

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

construction of health research facilities. This program was recently extended for another 3-year period.

In 1960 expenditures of the Public Health Service will continue to increase over 1959, a year which experienced a substantial expansion of medical research support through appropriations for programs of the National Institutes of Health.

Expenditures of the Office of Education for research on educational problems of broad national importance will increase significantly in 1960. The Office conducts studies through its own staff and through contracts for cooperative research with colleges and universities and with State departments of education. Under the National Defense Education Act of 1958 grants to State universities were authorized for research in the area of foreign language teaching and for studies and experimentation in the more effective utilization of television, radio, motion pictures, and related mediums for educational purposes.

Elsewhere in the Department increased expenditures are estimated for research programs of the Office of Vocational Rehabilitation in the solution of vocational rehabilitation problems; the Food and Drug Administration in connection with its enforcement activities; and the Social Security Administration on the extent of public and private insurance and assistance programs and on the health and welfare needs of children.

DEPARTMENT OF AGRICULTURE

Over four-fifths of the research expenditures of the Department of Agriculture are accounted for by programs of the Agricultural Research Service. The balance is divided among research activities of the Forest Service, the Agricultural Marketing Service, and to a lesser extent the Farmer Cooperative Service, the Foreign Agricultural Service, and the departmental library.

TABLE 11.—*Expenditures of the Department of Agriculture for research and development*

[In millions]			
Function	1958 actual	1959 estimate	1960 estimate
350 Agriculture and agricultural resources.....	\$100.5	\$113.9	\$114.9
400 Natural resources.....	10.2	14.4	12.5
Total, Department of Agriculture..	110.7	128.3	127.4

The Agricultural Research Service conducts research on animal husbandry, diseases and parasites and on crop production, entomology, soil and water conservation, farm economics, and agricultural engineering. One-third of its funds for the conduct of research are for grants to support State agricultural experiment stations established in land-grant colleges. In 1960 expenditures of the Agricultural Research Service will be maintained at a high level, with increasing attention to basic research in the agricultural services. Additional expenditures are estimated for completing new laboratories at Plum Island, New York, for a comprehensive attack on foot and mouth and other dangerous foreign diseases of animals and for new facilities for research on domestic diseases of animals, now under way at Ames, Iowa.

The Forest Service undertakes research in the field of forestry and wild land management to develop and improve forests, ranges, wildlife habitat and watershed man-

agement practices; to develop better measures for protecting forests from the ravages of fire, insects, and disease; to develop new and improved uses for forest products and to improve their marketing.

Research is conducted by the Agricultural Marketing Service on the distribution, storage, handling, transportation, and pricing of farm products. The Farmer Cooperative Service undertakes research on farmers' cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying farm business services. The departmental library supplies data to research workers on the results of studies undertaken in the field of agricultural research.

NATIONAL SCIENCE FOUNDATION

Under basic legislation, enacted in 1950, and Executive Order 10521, issued in 1954, the National Science Foundation is responsible for the general encouragement and support by the Federal Government of basic research in this country. Grants are made to colleges, universities, and other research institutions for the conduct of fundamental investigation in the biological, medical, mathematical, physical, engineering, and social sciences.

TABLE 12.—*Expenditures of the National Science Foundation for research and development*

[In millions]			
Function and program	1957 actual	1958 estimate	1959 estimate
210 Labor and welfare:			
Regular activities.....	\$20.7	\$52.3	\$79.1
International Geophysical Year....	14.1	7.7	1.4
Total, National Science Foundation.....	34.8	60.0	80.5

The 1960 budget will provide support for a greater number and higher proportion of promising research proposals submitted to the Foundation. The Foundation is also aiding the advancement of basic research by providing for the construction and maintenance of specialized facilities for scientific experimentation and investigation. Such facilities include radio and optical astronomy observatories, a solar research telescope, reactors for nuclear research, university computers, and an oceanographic research vessel. Support is also provided for specialized biological laboratories and for an experimental program to aid graduate laboratories in universities.

In addition to its direct support of research, the National Science Foundation is responsible for studying the Nation's research effort and recommending to the President policies relating to the role of the Federal Government in the encouragement, support, and conduct of research, and education in the sciences.

The Foundation has also provided financial support for the United States program for the International Geophysical Year. This worldwide program involving concurrent scientific observations by scientists of over 60 nations during the period July 1957 through December 1958 has significantly advanced the world's knowledge of the earth and its environment, including conditions above the atmosphere through the launching of earth-circling satellites. Funds for this program for establishing and maintaining observation stations and for procurement of scientific equipment have largely been reflected in expenditures prior to 1959.

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

DEPARTMENT OF THE INTERIOR

The major research and development programs in the Department of the Interior are under the Bureau of Mines, Geological Survey, and Bureau of Commercial Fisheries and Bureau of Sport Fisheries and Wildlife of the Fish and Wildlife Service. Research activities are also conducted by the Office of Saline Water, Bureau of Reclamation, and the National Park Service. Expenditures for research and development by the Department of the Interior are directed primarily to the conservation and efficient utilization of the Nation's natural resources.

TABLE 13.—*Expenditures of the Department of the Interior for research and development*

[In millions]

Function	1958 actual	1959 estimate	1960 estimate
400 Natural resources.....	\$46.6	\$57.0	\$59.1

The Bureau of Mines conducts scientific, technologic, and economic research into the sources, extraction, utilization, and conservation of minerals and into the improvement of working conditions in mines.

The Geological Survey investigates the availability and quality of surface and underground waters; the nature and occurrence of mineral and mineral fuels; geologic studies of construction materials and systematic geologic studies, and the improvement of cartographic techniques.

The Bureau of Commercial Fisheries conducts biological and industrial research directed toward the conservation, development, and management of commercial fishery resources.

The research activities of the Bureau of Sport Fisheries and Wildlife are primarily concerned with the development and perpetuation of the Nation's fish and wildlife resources for the purpose of promoting the maximum enjoyment and utilization of these resources.

FEDERAL AVIATION AGENCY

The Federal Aviation Agency, which came into existence on August 23, 1958, undertakes research to provide for the development and modernization of the national system of air traffic control and navigation to serve present and future needs of civil and military aviation. The agency has assumed the research programs formerly conducted by the Civil Aeronautics Administration and the Airways Modernization Board.

TABLE 14.—*Expenditures of the Federal Aviation Agency for research and development*

[In millions]

Function	1958 actual	1959 estimate	1960 estimate
500 Commerce and housing.....	\$4.2	\$32.8	\$47.1

The responsibilities of the Federal Aviation Agency include research in all areas of civil and military aviation except for those needs of military agencies which are peculiar to air warfare and primarily of military concern. The program will provide for the development and selection of systems, procedures, facilities, and devices which will best serve aviation needs and promote maximum coordination of air traffic control and air defense systems.

The 1960 estimate provides for improvement in the

Nation's airways system through the adaptation of existing technology to the problems of air traffic control and navigation, and long-range research and development with respect to air navigation and traffic control problems of the future. Projects include continued study of the present airways system and projections of future requirements, theoretical systems analysis of proposed facilities, development and testing of an automatic data processing and display system, long-range development of data processing techniques, participation in the development of an aviation weather system. Also included is construction of necessary facilities and operation of the National Aviation Facilities Experimental Center.

In addition, the program reflects research and development work on aeronautical instruments and equipment, and on human problems relating to aircraft design and operation.

DEPARTMENT OF COMMERCE

The principal research and development program of the Department of Commerce is that of the National Bureau of Standards. Research programs are also conducted by the Maritime Administration and the Weather Bureau, and to a lesser extent by the Bureau of the Census, the Office of Business Economics, the Patent Office, and the Coast and Geodetic Survey.

TABLE 15.—*Expenditures of the Department of Commerce for research and development*

[In millions]

Function	1958 actual	1959 estimate	1960 estimate
210 Labor and Welfare.....	\$8.4	\$14.1	\$16.7
500 Commerce and housing.....	4.1	6.6	8.9
600 General government.....	2.6	4.1	4.8
Total, Department of Commerce..	15.1	24.8	30.4

Expenditures from funds appropriated to the National Bureau of Standards will increase substantially in 1960 to expand the Bureau's program to improve standards of physical measurement.

The Maritime Administration conducts research designed to improve marine engines, ship design, cargo handling machines, and techniques and nuclear propulsion for commercial purposes. The 1960 expenditure estimates reflect the completion of major projects for nuclear research during that year.

The Weather Bureau conducts programs for meteorological research, with special emphasis placed on severe storm phenomena, i. e., tornadoes and hurricanes. Work is also done on the development of weather forecasting by means of high speed electronic computers.

OTHER AGENCIES

Research is also conducted by a number of other agencies in furtherance of their assigned responsibilities. These include the Civil Service Commission, the Office of Civil and Defense Mobilization, the Federal Communications Commission, the General Services Administration, the Housing and Home Finance Agency, the Department of Labor, the Post Office Department, the Smithsonian Institution, the Small Business Administration, the State Department, the Tennessee Valley Authority, the Treasury Department, the United States Information Agency, and the Veterans Administration.

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

TABLE 16.—*Reconciliation with special analysis D, investment operating, and other budget expenditures*

[In millions]

Category	1958 actual	1959 estimate	1960 estimate
Amounts for conduct of research and development included in:			
Expenditures for other developmental purposes: Research and development:			
Civil:			
Direct Federal programs.....	\$433	\$614	\$770
Grants-in-aid.....	39	39	37
Major national security.....	2,696	3,794	4,256
Current expenditures for aids and special services: International; Major national security; Funds appropriated to the President; Military assistance ¹	35	35	33
Total, conduct of research and development.....	3,203	4,482	5,096
Amounts for increase of research and development plant included in:			
Additions to Federal assets:			
Public works—sites and direct construction:			
Civil: Research and development plant.....	23	48	68
Major national security: Research and development plant.....	228	248	247
Major equipment:			
Civil: Research and development plant.....	2	7	10
Major national security: Research and development plant.....	29	32	36
Expenditures for other developmental purposes:			
State and local physical assets:			
Grants-in-aid:			
Public works items, research and development plant.....	3	5	5
Other than public works items, research and development plant.....		2	4
Private physical assets: Direct Federal programs: Research and development plant.....	10	17	19
Rounding adjustment.....			-1
Total, increase of research and development plant.....	295	359	368

¹ Not separately identified in special analysis D.

FEDERAL ACTIVITIES CONTRIBUTING TO TRAINING IN THE SCIENCES

The foregoing analysis deals with expenditures of the Federal Government for the support of research and development and for the acquisition and improvement of scientific equipment and facilities. Equally important, however, to the progress of research is the education of future scientists and engineers and the further training of those already engaged in teaching and research careers in the sciences and mathematics.

Many of the research and development programs reflected in this special analysis assist, as an important byproduct, in the education of scientists and engineers. In addition, the Federal Government contributes directly to the education of new scientists and engineers through fellowships, traineeships, training grants, State grants-in-aid, and other programs directed toward the improvement of science teaching and the encouragement of young people in scientific careers. In the following paragraphs there are described a number of programs which assist in or are directed toward increasing the general supply of scientists and engineers and to improving the effectiveness of those already teaching or undertaking research in science and mathematics in positions outside the Federal establishment. Thus there are excluded many in-service

training programs by Federal agencies, which also make a substantial contribution to improving the scientific position of the Nation as a whole. While not a complete cataloging, this description indicates the range of extramural programs in which the Federal agencies are engaged and gives some data on the relative size of such programs.

Special note should be taken of the expanded programs for education in the sciences of the National Science Foundation and the related new programs of the Department of Health, Education, and Welfare under the National Defense Education Act of 1958. The Foundation programs, totaling \$67 million in new obligational authority in 1960, are designed to interest more young people in science careers; to improve courses and methods of teaching science and mathematics; to supplement the training of teachers in these fields, particularly at the high school and university levels; and to provide greater opportunity for post-graduate and other advanced study in the sciences. The assistance under these programs is primarily through grants to universities or through fellowships to individuals. The programs of the Department of Health, Education, and Welfare, which provide assistance to both science education and to education in other areas of critical national concern, include \$57 million in new obligational authority in 1960 for the 2d year of the 4-year program of grants to States to assist local schools in equipping and remodeling laboratories, particularly in the sciences, and to provide funds for State supervisory services. Some of the other proposed activities to be undertaken by this Department, although concerned largely with other areas of education, would also aid science education; for example, under the student loan program for which \$31 million is estimated for 1960 science students are among those given preference for financial assistance.

RESEARCH ASSISTANTSHIPS

In carrying out much of their Government-financed research under grants and contracts, educational institutions employ research assistants, who are completing undergraduate, graduate or postgraduate training, to perform junior level research work on Government projects. Such employment contributes to the advanced training of students, and, through the income it provides, indirectly assists them in furthering their education. It is estimated that some 20,000 to 30,000 graduate students would be employed as research assistants in 1960 under Federal research and development grants and contracts.

FELLOWSHIPS

The National Science Foundation and the Public Health Service of the Department of Health, Education, and Welfare award fellowships to individuals for the purpose of promoting graduate education and improving teaching in the sciences. These fellowships are available primarily in the physical and life sciences but are not restricted to specific fields or subdisciplines of study.

The Department of State, through the International Education Exchange Service, also assists in science education through fellowships available in all fields. It is estimated that in 1960 the Department will award upwards of 3,000 fellowships to improve teaching, research, and graduate training in the natural and social sciences fields

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

and to promote the sharing of ideas with other nations of the free world. They are awarded both to Americans going abroad and to foreign students coming to this country.

The Public Health Service offers fellowships chiefly for predoctoral and postdoctoral study in the life sciences. In 1960 about 1,200 fellowships will be awarded as a means of increasing the number of scientists qualified to carry on research in medical and related fields.

The National Science Foundation will award in 1960 approximately 1,600 fellowships for predoctoral and postdoctoral study in the sciences, with emphasis on training in the natural sciences. The Foundation will continue the program begun in 1959 to provide fellowships for summer study in the sciences to an estimated 1,300 high school teachers and college teaching assistants. The National Science Foundation has also inaugurated in 1959 a program of cooperative graduate fellowships to be administered with the assistance of participating colleges and universities. Under this program some 1,000 students will be aided in 1960.

For purposes of this analysis fellowships in more specific areas of science are discussed below under the following category Specialized fellowships and traineeships.

SPECIALIZED FELLOWSHIPS AND TRAINEESHIPS

Specialized fellowships and traineeships are awarded by the Federal Government primarily for the purpose of providing advanced education and training opportunities in specific fields for individuals who have completed their basic professional education.

The Department of Health, Education, and Welfare, and the Atomic Energy Commission have the largest and most significant programs in this area.

It is estimated that the Department of Health, Education, and Welfare will award 2,400 specialized fellowships and traineeships for graduate study primarily in medical specialties during 1960.

The Atomic Energy Commission supports graduate students in such fields as reactor technology, radiological physics, and industrial health and medicine. In 1960 the Commission will award about 375 specialized fellowships and traineeships in these fields.

TRAINING GRANTS

Training grants are ordinarily awarded for the purpose of establishing, expanding, improving, or continuing programs of training in the sciences. As distinguished from fellowships and traineeships—awarded directly to individuals—training grants are made to institutions and serve to strengthen the capacity of the recipient institutions of higher education to perform their research and training functions.

The largest program is that of the Public Health Service, National Institutes of Health in the Department of Health, Education, and Welfare, which will offer in 1960 training grants totaling about \$50 million for undergraduate and graduate training in medical and related fields. The grants may generally be used either for the establishment or strengthening of programs or for the payment of stipends to trainees selected by the recipient institutions.

Also in the Department of Health, Education, and Welfare, the Office of Vocational Rehabilitation will make grants totaling \$6 million in 1960 to schools, universities, and other agencies to pay part of the cost of training projects in fields concerned with rehabilitation.

The Atomic Energy Commission operates several training grant programs for which an estimated \$5 million will be allocated in 1960. The Commission makes grants to assist nonprofit educational institutions acquire teaching aids, demonstration apparatus, and laboratory equipment including educational reactors. Specialized equipment and limited operational assistance are offered to medical schools to encourage training in the use of radioisotopes. A similar program is directed to colleges and universities for the instruction of students in the biological and agricultural sciences. In addition, equipment and operational assistance is granted to schools of public health for radiation safety training.

OTHER AIDS TO SCIENCE TEACHING

Closely related to training grants with respect to providing a variety of aids for science teaching are several other programs of the Federal Government, chiefly those of the Department of Health, Education, and Welfare under the Defense Education Act and those of the National Science Foundation under its expanded science education program.

The largest single program of the Foundation in this area is the support of training institutes to provide supplementary training for high school and college science teachers. In 1960 the Foundation will allocate over \$33 million for grants to universities to permit them to sponsor summer, academic year, and other specialized institutes for school and college mathematics and science teachers including provision for stipends to be paid to the participants. Some 27,000 teachers will be assisted under the various institute programs.

The Foundation also sponsors a number of other activities designed to interest able students in undertaking careers in science and science teaching, including support for visiting scientists who lecture in the high school classroom; for student participation in science fairs and exhibits; and for the development of career guidance materials. Finally, the Foundation supports several activities directed to the improvement of high school and college science courses. For these and other specialized projects in science education the Foundation will spend more than \$17 million in 1960.

Under the Defense Education Act of 1958 the Department of Health, Education, and Welfare will make grants, totaling \$57 million in 1960, to assist local schools in equipping and renovating laboratories, particularly in the sciences, and to aid in meeting State supervisory costs. In addition \$7 million in loans to private schools is provided.

The Atomic Energy Commission operates schools and conducts courses in nuclear science and engineering, reactor operation and hazards, and the use of radioisotopes for graduate and undergraduate students and for industrial personnel and medical workers. This program is estimated to cost \$2.6 million in 1960.

SPECIAL ANALYSIS H—Continued

FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

OTHER PROGRAMS

A number of agencies undertake cooperative educational programs to contribute to training in the sciences and to encourage recruitment and retention of scientific and engineering personnel. Such programs may operate through formal agreements whereby a Government agency, an educational institution, and a student cooperate in planning a program in study and complementary employment, or with informal cooperation between agency, school, and student. Related to these cooperative educational programs is the extensive summer

employment of qualified students in the fields of mutual interest to the agency and to the student.

Finally there are a number of Federal activities which, while not directed toward increasing the supply of scientists and engineers, nevertheless materially assist to this end. These include such programs as the training of veterans, the Reserve Officer Training Corps, the in-service training of Government civilian and military personnel, medical and dental internships and residencies at Government hospitals, and fellowships awarded under the National Defense Education Act of 1958.

NET BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS

Based on existing and proposed legislation

[In thousands]

Function and agency	Functional code	1958 actual			1959 estimate			1960 estimate		
		Conduct of research and development	Research and development facilities	Total	Conduct of research and development	Research and development facilities	Total	Conduct of research and development	Research and development facilities	Total
MAJOR NATIONAL SECURITY										
Department of Defense—Military Functions.....	061	\$2, 178, 623	\$135, 764	\$2, 314, 387	\$3, 174, 560	\$107, 403	\$3, 281, 963	\$3, 602, 715	\$89, 394	\$3, 692, 109
Atomic Energy Commission.....	066	516, 132	120, 850	636, 982	617, 556	172, 709	790, 265	651, 868	193, 735	845, 603
General Services Administration: From funds appropriated to the President for expansion of defense production.....	067	1, 446		1, 446	1, 557		1, 557	994		994
Department of Defense: Military assistance: From funds appropriated to the President for military assistance.....	068	34, 774		34, 774	35, 100		35, 100	33, 000		33, 000
Total, major national security.....		2, 730, 975	256, 614	2, 987, 589	3, 828, 773	280, 112	4, 108, 885	4, 288, 577	283, 129	4, 571, 706
VETERANS' SERVICES AND BENEFITS										
Veterans Administration.....	105	11, 771		11, 771	15, 987		15, 987	12, 331		12, 331
INTERNATIONAL AFFAIRS AND FINANCE										
Department of State.....	151	318		318	315		315	298		298
United States Information Agency.....	153	87		87	84		84	115		115
Total, international affairs and finance.....		405		405	399		399	413		413
LABOR AND WELFARE										
Department of Labor:										
Bureau of Labor Standards.....	211	340		340	392		392	363		363
Bureau of Employment Security.....	211				823		823	779		779
Bureau of Labor Statistics.....	211	651		651	729		729	683		683
Women's Bureau.....	211	160		160	181		181	165		165
Department of Health, Education, and Welfare:										
Social Security Administration:										
Office of the Commissioner.....	212							475		475
Children's Bureau.....	213	1, 941		1, 941	2, 060		2, 060	2, 212		2, 212
Food and Drug Administration.....	213	1, 514		1, 514	1, 852		1, 852	1, 929		1, 929
Public Health Service.....	213	157, 067	13, 551	170, 618	199, 752	24, 570	224, 322	208, 563	27, 920	236, 483
Office of Education.....	214	1, 942		1, 942	3, 252		3, 252	4, 750		4, 750
National Science Foundation.....	215	30, 545	4, 304	34, 849	49, 072	10, 951	60, 023	63, 532	16, 956	80, 488
Smithsonian Institution.....	215	379		379	401		401	401		401
Department of Commerce:										
Bureau of the Census.....	215	579		579	1, 002		1, 002	628		628
National Bureau of Standards.....	215	7, 541	303	7, 844	10, 430	2, 682	13, 112	11, 881	4, 249	16, 130
Funds appropriated to the President: Special foreign currency program.....	215				1, 400		1, 400	1, 600		1, 600
Department of Health, Education, and Welfare: Office of Vocational Rehabilitation.....	217	3, 197		3, 197	4, 200		4, 200	5, 000		5, 000
Total, labor and welfare.....		205, 856	18, 158	224, 014	275, 546	38, 203	313, 749	302, 961	49, 125	352, 086

SPECIAL ANALYSIS H—Continued

NET BUDGET EXPENDITURES FOR FEDERAL RESEARCH AND DEVELOPMENT PROGRAMS—Continued

Based on existing and proposed legislation—Continued

[In thousands]

Function and agency	Functional code	1958 actual			1959 estimate			1960 estimate		
		Conduct of research and development	Research and development facilities	Total	Conduct of research and development	Research and development facilities	Total	Conduct of research and development	Research and development facilities	Total
AGRICULTURE AND AGRICULTURAL RESOURCES										
Department of Agriculture:										
Agricultural Research Service.....	355	\$87,041	\$2,864	\$89,905	\$93,227	\$9,083	\$102,310	\$94,588	\$8,912	\$103,500
Farmer Cooperative Service.....	355	369		369	424		424	428		428
Agricultural Marketing Service.....	355	9,502	68	9,570	10,496	20	10,516	10,258	12	10,270
Foreign Agricultural Service.....	355	375		375	393		393	396		396
Library.....	355	274		274	303		303	284		284
Total, agriculture and agricultural resources.....		97,561	2,932	100,493	104,843	9,103	113,946	105,954	8,924	114,878
NATURAL RESOURCES										
Tennessee Valley Authority.....										
Department of Defense—Civil Functions.....	401	2,445	3	2,448	2,697	36	2,733	2,711	4	2,715
Department of the Interior:	401	2,337		2,337	2,266		2,266	2,760		2,760
Office of Saline Water.....	401	780		780	1,175		1,175	1,355	300	1,655
Bureau of Reclamation.....	401	1,060		1,060	920		920	1,243		1,243
Department of Agriculture: Forest Service.....	402	10,163		10,163	12,737	1,625	14,362	11,636	875	12,511
Department of the Interior:										
Bureau of Mines.....	403	18,720	21	18,741	20,468	1,002	21,470	21,210	719	21,929
Fish and Wildlife Service.....	404	11,131	107	11,238	13,421	1,147	14,568	14,233	1,375	15,608
National Park Service.....	405	503		503	546		546	592		592
Geological Survey.....	409	14,200	79	14,279	18,300	6	18,306	18,100		18,100
Total, natural resources.....		61,339	210	61,549	72,530	3,816	76,346	73,840	3,273	77,113
COMMERCE AND HOUSING										
Department of Commerce: Maritime activities.....										
Treasury Department: Coast Guard.....	511	2,351		2,351	4,500		4,500	6,500		6,500
Federal Aviation Agency.....	511	332		332	348		348	348		348
National Aeronautics and Space Administration.....	513	4,246		4,246	31,747	1,096	32,843	39,372	7,769	47,141
Post Office Department.....	513	71,967	17,226	89,193	128,000	25,000	153,000	245,000	35,000	280,000
Housing and Home Finance Agency.....	514	3,091		3,091	6,446	425	6,871	7,160	50	7,210
General Services Administration.....	517				72		72			
Department of Commerce:	518	55		55						
Coast and Geodetic Survey.....	518	348		348	368		368	373		373
Office of Business Economics.....	518	1,020		1,020	1,296		1,296	1,395		1,395
Patent Office.....	518	365		365	435		435	605		605
Small Business Administration.....	518				1,400		1,400	2,080		2,080
Civil Aeronautics Board.....	519	64		64	88		88	123		123
Federal Communications Commission.....	519	125		125	139		139	244		244
Executive office of the President: Office of Civil and Defense Mobilization.....	520	7,990		7,990	6,044		6,044	3,961		3,961
Total, commerce and housing.....		91,954	17,226	109,180	180,883	26,521	207,404	307,161	42,819	349,980
GENERAL GOVERNMENT										
Treasury Department: Bureau of Engraving and Printing..										
Civil Service Commission.....	604	203		203	257		257	279		279
Advisory Committee on Weather Control.....	606	133		133	146		146	146		146
Department of Commerce: Weather Bureau.....	607	187		187	13		13			
	607	2,631		2,631	3,381	700	4,081	4,182	600	4,782
Total, general government.....		3,154		3,154	3,797	700	4,497	4,607	600	5,207
Total, all functions.....		3,203,015	295,140	3,498,155	4,482,758	358,455	4,841,213	5,095,844	387,870	5,483,714

SPECIAL ANALYSIS I

PRINCIPAL FEDERAL STATISTICAL PROGRAMS

The Budget for 1960 includes requests amounting to \$38.2 million for the current programs of the major Federal statistical agencies, an increase of \$1.6 million over the amount provided in 1959. In addition, funds totalling \$92.8 million are requested for periodic programs, primarily the decennial censuses.

This special analysis describes the changes in the statistical program which are proposed for 1960, including changes in responsibilities and increases in funds, both of which are expected to result in improvements and better balance of the overall Federal statistical program. These improvements will be reflected in the amount and usefulness of the information provided to the Congress, the Council of Economic Advisers, the executive departments and agencies, and other public and private analysts who need data to appraise the functioning of the economy, the welfare of the people, and the status of particular Federal programs.

The need for comprehensive, timely and accurate information, collected by various agencies in the course of performing their specific functions, but integrated into a coordinated intelligence plan, has long been recognized. The increased funds requested for 1960 will further a program to bring our statistical resources to a level demanded by modern needs, although they will by no means bring it to full-scale accomplishment. The improvements build on the concept, made explicit last year, of using the national income and product accounts as a framework for appraising weaknesses and gaps in economic statistics. In addition, a few of the most essential requirements for maintaining and improving statistics to meet specialized program objectives have been included in the 1960 budget request.

PROPOSED TRANSFERS OF RESPONSIBILITIES

Construction statistics.—Arrangements have been made to improve significantly the Federal Government's collection and dissemination of construction statistics. They will be consolidated in the Department of Commerce and a substantial increase in funds to finance expanded work is recommended.

Previously, statistics on construction of residential units and public construction were compiled by the Bureau of Labor Statistics in the Department of Labor and private nonresidential construction statistics were compiled by the Business and Defense Services Administration in the Department of Commerce. Also, in 1959, appropriations to the Bureau of the Census provided an increase of \$120,000 over 1958 to initiate collection of reports on the progress of construction of large projects.

Under the new plan, the Bureau of the Census will collect and release statistics on all phases of construction, including the widely used figures on housing starts and dollar volume of construction activity. In 1960, an increase of \$400,000 is requested for the integrated construction statistics program. These new funds, together with the amounts previously available in the Bureau of Labor Statistics, the Business and Defense Services Administration, and the Bureau of the Census, will provide the construction statistics described below under Current programs, with needed improvements.

Labor force statistics.—Arrangements have been made to give the Department of Labor the responsibility for planning, guidance, and publication of labor force statistics

obtained from the Current Population Survey. At the present time, the Census Bureau publishes labor force and overall employment and unemployment statistics, while the Bureau of Labor Statistics collects data on nonagricultural employment based on establishment payroll reports, and the Bureau of Employment Security compiles statistics on unemployment insurance claims. Under the new plan, the Department of Labor will publish current comprehensive labor force, employment and unemployment information in place of the joint release of this information previously made by the Departments of Commerce and Labor. The Bureau of the Census will continue to collect and tabulate labor force statistics from its Current Population Survey sample of households as an agent of the Bureau of Labor Statistics. These new arrangements do not involve any overall increase in funds but analysis of labor force, employment and unemployment statistics will be facilitated and usefulness of the statistics will be enhanced by consolidating the responsibility for these programs in a single agency.

CURRENT PROGRAMS

Growth in the principal current statistical programs reflects the continued demand for improvement in our statistical system. Users want more reliable statistics, in greater detail, on a faster time schedule. In 1960, principal emphasis is centered on the improvement of construction statistics, and the necessary work of repairing and maintaining at acceptable levels of accuracy a number of the important current economic indicators. The 1959 appropriations provided for minor expansion in a number of fields with some emphasis on the areas of production and distribution and national income accounts. About half of the dollar increase shown between 1959 and 1958 is accounted for by the additional costs of the pay increase and increased postal rates.

The summary of principal current statistical programs shown below consolidates the programs of the major agencies, classifying them by broad subject matter area to indicate the interrelationships of programs carried out by different agencies and to aid in evaluating the Government's overall statistical system. The increases are limited to the most urgent items.

Direct obligations for principal current statistical programs, by broad subject areas

[In millions]

Program	1958 actual	1959 estimate	1960 estimate
Labor statistics (Departments of Labor, Commerce, and Agriculture).....	\$6.4	\$6.9	\$7.4
Demographic statistics (Departments of Commerce, Agriculture, and Health, Education, and Welfare).....	5.5	5.9	6.0
Prices and price indexes (Departments of Labor and Agriculture).....	3.5	3.8	4.1
Production and distribution statistics (Departments of Agriculture and Commerce).....	12.9	14.0	14.1
Construction and housing statistics (Departments of Commerce and Labor) ¹8	.8	1.2
National income and business financial accounts (Departments of Commerce, Treasury, and Agriculture; Federal Trade Commission, and Securities and Exchange Commission).....	4.6	5.1	5.3
Total, principal current programs..	33.7	36.6	38.2

¹ Departments of Labor and Agriculture in 1960.

² Department of Commerce in 1960.

SPECIAL ANALYSIS I—Continued

PRINCIPAL FEDERAL STATISTICAL PROGRAMS—Continued

The agencies whose programs are included in this summary, in whole or in part, are shown in the table at the end of this analysis. Many other agencies contribute to the statistical system by recording and reporting on their administrative operations or summarizing regulatory reports, claims for benefits, or other information supplied by the public. In the interests of economy, the statistical system makes as much use as possible of such administrative recordkeeping, rather than initiating duplicate collections of data. Budget information for such agencies is not uniformly included in this summary, however, because of the difficulty of allocating separate cost figures for statistical information arising as a byproduct from program operations.

Shifts of emphasis among the broad subject areas are summarized in the discussion below, which lists the more important proposals in each area. In comparison with similar summaries in the past, the classification by broad areas has been affected by the proposed transfer of responsibility for labor force data from the Department of Commerce to the Department of Labor. In former years, all statistics derived from the Current Population Survey were classified as labor statistics, since this was their principal nature. Now, those statistics subject to the transfer continue to be included with labor statistics, and the remainder have been shown as demographic statistics. Estimates of the cost of such demographic statistics have been made for 1958 and 1959 so that the figures shown in the summary in this analysis are on a comparable basis for each subject area.

Labor statistics.—Two increases over the present program are recommended for 1960, both of which concern projects that are to be undertaken by the Bureau of Labor Statistics. In the first, estimates of labor requirements for specific types of construction activity, based on modern construction methods, will be developed for use in estimating the impact of new construction programs on employment and for improving productivity statistics. An increase of about \$160,000 is included for this proposal. The second project requires about \$250,000 to provide for converting the monthly employment, hours and earnings, and industrial hazards series to the revised Standard Industrial Classification. As a necessity for maintaining Government statistical series on a comparable basis, the Bureau of the Budget has recommended that all agencies adopt this revised classification and introduce it into their statistical compilations for 1958 or as soon thereafter as possible.

Other programs in this subject area, for which no increases are requested in 1960, are the statistics compiled by the Bureau of Labor Statistics on wages, labor turnover, and foreign labor conditions, as well as the labor force, employment and unemployment statistics for which responsibility will be transferred to the Labor Department in 1960. This area also includes statistical work by the Agricultural Marketing Service on farm labor.

Demographic statistics.—An increase of nearly \$100,000 over the 1959 estimated obligations is requested for the Office of Education in the Department of Health, Education, and Welfare, in large part to provide additional mechanical tabulation facilities. Not included in this analysis are funds under title X of the National Defense Education Act for grants to the States for improvement of educational statistics which amount to \$1 million esti-

mated obligations in 1959 and \$1.5 million in the 1960 budget request.

No changes are requested for other current programs of demographic statistics, which include: National statistics of births, deaths, marriages, and divorces compiled by the National Office of Vital Statistics in the Public Health Service; the National Health Survey conducted by the Public Health Service; population characteristics, estimates and projections, migration, and income statistics prepared by the Bureau of the Census; and studies of the farm population by the Agricultural Marketing Service.

Prices and price indexes.—An increase of more than \$200,000 over 1959 is recommended for the Bureau of Labor Statistics to improve price reporting for the Consumer Price Index by increasing the frequency of price collection for important commodities which show wide price fluctuations; by expanding the pricing sample to include better representation of certain types of articles; and by increasing the number of price quotations per city for items for which price variability is large. These changes will enable the Consumer Price Index to reflect sudden price changes both more accurately and more promptly. An additional request for funds for preparatory work in 1960 for a periodic revision of the Consumer Price Index is described below, under Periodic programs.

No changes are proposed for the wholesale price series compiled by the Bureau of Labor Statistics nor for the programs of the Agricultural Marketing Service on prices received and paid by farmers and on factors affecting prices, supply, and consumption of agricultural products.

Production and distribution statistics.—In 1960, about \$100,000 is recommended for improving the accuracy and usability of foreign trade statistics compiled by the Bureau of the Census by providing funds to work with the Customs Bureau and importers and exporters to eliminate inaccuracies in the basic documents and to improve the summary tabulations for analysis of foreign trade. Increases in 1959 appropriations provided for some improvements in the field of agricultural production. The 1959 budget involved increases in several Census Bureau programs, as part of the integrated program to improve basic current statistics on the operation of the economy and to strengthen our national economic accounts, for improving sales and inventory statistics for manufacturing industries and for retail and wholesale trade.

In 1960 other programs in this area are expected to remain at the 1959 level. They are: The current programs of the Bureau of the Census on retail, wholesale, and service trades, manufacturing, and agriculture; the Agricultural Marketing Service programs on crop and livestock estimates; and the Agricultural Research Service program on the economics of farm production.

Construction and housing statistics.—In 1959, the Bureau of the Census initiated work, primarily methodological, looking toward the development of improved estimates of construction activity. With additional funds and the centralized responsibility for construction statistics, as explained above, the Census Bureau in 1960 will maintain the present series on housing starts and construction activity, will work toward the improvement in coverage and accuracy of these series and will initiate a new quarterly series on expenditures for maintenance, repairs, and alterations of existing properties.

SPECIAL ANALYSIS I—Continued

PRINCIPAL FEDERAL STATISTICAL PROGRAMS—Continued

Under the proposed arrangements, there will be no program for compilation of construction and housing statistics either in the Bureau of Labor Statistics or the Business and Defense Services Administration. However, labor requirements for construction activity, as noted above, will be developed by the Bureau of Labor Statistics as part of its work on productivity estimates.

National income and business financial accounts.—An increase over the 1959 program of about \$150,000 is requested for further improvement and extension of the national income accounts. In 1959, the Office of Business Economics is preparing quarterly estimates of gross national product in constant dollars, is initiating preparatory work on estimates of purchases and sales by industry, and has begun a survey of United States private investments in foreign countries. The funds requested in 1960 will provide for completing the survey of foreign investments, for developing product estimates in constant dollars by industry, and for expanding work on the estimation of purchases and sales by industry. Real net product estimates by industry, consistent with other national income and product estimates, will provide an additional tool for the analysis of current economic conditions by showing changes in the contribution each major industry makes to the net national product.

The category "National income and business financial accounts" includes all the work of the Office of Business Economics—preparing estimates of national income and product, measuring and analyzing business trends, and computing the balance of international payments. It also includes the work of the Internal Revenue Service in tabulating statistics from personal and corporate income tax returns; estimates of farm income by the Agricultural Marketing Service; statistics on the financial and other operations of State and local governments compiled by the Bureau of the Census; the quarterly financial reports program, presenting income and balance sheet data for manufacturing corporations, conducted jointly by the Federal Trade Commission and the Securities and Exchange Commission; and other economic statistical series compiled by the Securities and Exchange Commission. In 1959, for the first time, important items of information from individual income tax returns were tabulated and made available by the Internal Revenue Service within the year in which the returns were filed. This speeded-up program will be continued. No increases in funds, other than those noted above for the Office of Business Economics, have been requested for 1960 for the programs included in this category.

PERIODIC PROGRAMS

Periodic programs are summarized separately because the wide fluctuations in their costs from year to year would obscure comparisons of annual costs of the current statistical programs, and would prevent drawing reasonable conclusions on the status of these programs. Included in the periodic programs are the major censuses, scheduled by law at 5- or 10-year intervals, and initiation of a major program to revise the Consumer Price Index.

Periodic censuses.—The periodic censuses are important because they provide a wealth of information on a

detailed classification basis, with many cross-classifications of characteristics which the current statistics programs cannot provide; because they supply information on small areas not available from any other source; and because they provide a frame or benchmark for many current statistical series.

Funds are requested to continue work on the censuses of business, manufactures, and mineral industries which will be taken early in 1959 covering the year 1958. These censuses, taken every 5 years, provide data on the volume of production and trade, the number, size, geographical distribution, and other characteristics of 3.3 million business and industrial enterprises. The 1959 appropriation provided for the collection of the information, and the 1960 request for \$6 million new obligational authority will provide for most of the processing and tabulating work and for printing preliminary bulletins. A final request will be required in 1961 to complete the tabulation of all summary tables and for the final printing costs.

Funds requested for the decennial census program in 1960, \$86.5 million, represent a large part of the cost of the agriculture, population, and housing censuses. Appropriations for preparatory work on these censuses in 1958 and 1959 amounted to nearly \$11 million and it is estimated that an additional \$20.5 million for tabulating and printing in later years will bring the total cost of these three censuses to \$118 million. These costs are based on the expectation that the population to be enumerated—the principal "workload"—will approach 180 million by April 1, 1960. Ten years ago, the population enumerated was just over 150 million. The number of farms, on the other hand, has decreased. Also implicit in these estimates are the savings made possible by specially developed electronic equipment. The funds requested in 1960 will provide for the enumeration and part of the processing and tabulating work for these censuses. A large part of the information on characteristics of population, housing, and farms will be collected from a 25% sample. This sampling, together with the use of electronic equipment, is expected to speed up the publication of detailed results, making them more timely and thereby considerably more useful. Enumeration of farms will begin in the fall of 1959 and of population and housing in April 1960.

The 1957 census of governments will be completed this year, and no funds are requested in 1960.

Major revision of the Consumer Price Index.—Every few years a survey of consumer expenditures is a necessary part of keeping the Consumer Price Index up to date. Occasional surveys of consumer buying are necessary to make the index reflect in proper proportion the effect of current price changes in specific grades and types of articles, shifts in types of outlets patronized, and other changes in consumer expenditure patterns which affect changes in the general price level. This basic series was last revised in 1950–52. An amount of \$230,000 is recommended for the Bureau of Labor Statistics to engage in preparatory work on a consumer expenditure survey and other research necessary to appraise and revise the index. An effective revision will take a number of years and several million dollars. The revised index is not expected to be ready for publication before January 1963.

SPECIAL ANALYSIS I—Continued

PRINCIPAL FEDERAL STATISTICAL PROGRAMS—Continued

Direct obligations for principal statistical programs, by agency

[In millions]

Agency	1958 actual	1959 estimate	1960 estimate	Agency	1958 actual	1959 estimate	1960 estimate
CURRENT PROGRAMS				CURRENT PROGRAMS—continued			
Department of Agriculture:				Federal Trade Commission:			
Agricultural Marketing Service:				Financial reports.....	\$0.2	\$0.2	\$0.2
Economic and statistical analysis.....	\$1.6	\$1.6	\$1.6	Securities and Exchange Commission:			
Crop and livestock estimates.....	5.7	6.3	6.3	Operational and business statistics.....	.2	.2	.2
Agricultural Research Service:				Total, current programs.....	33.7	36.6	38.2
Farm economics research.....	2.7	3.0	3.0	PERIODIC PROGRAMS			
Department of Commerce:				Department of Commerce:			
Bureau of the Census.....	8.2	8.7	8.7	Bureau of the Census:			
Business and Defense Services Admin- istration: Construction statistics.....	.1	.2	-----	1958 censuses of business, manufac- tures, and mineral industries.....	1.2	7.3	6.0
Office of Business Economics.....	1.1	1.3	1.4	18th decennial census.....	4.3	6.4	86.5
Department of Health, Education, and Welfare:				1957 census of governments.....	.8	.6	-----
Office of Education:				1954 censuses of business, manufac- tures, and mineral industries.....	.1	-----	-----
Research and statistics.....	.6	.7	.8	Department of Labor:			
Public Health Service:				Bureau of Labor Statistics:			
National Office of Vital Statistics.....	1.6	1.6	1.6	Revision of Consumer Price Index.....	-----	-----	2
Public Health methods and reports.....	1.9	2.1	2.1	Total, periodic programs.....	6.4	14.3	92.8
Department of Labor:				Total, principal statistical programs.....	40.1	50.9	130.9
Bureau of Labor Statistics.....	7.5	8.0	9.5				
Treasury Department:							
Internal Revenue Service:							
Statistical reporting.....	2.4	2.7	2.7				

SPECIAL ANALYSIS J

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS

This special analysis presents a broad picture of the scope and responsibilities of the directly operated Federal medical, hospital, and domiciliary programs, and of supplemental care of Federal legal beneficiaries through contractual arrangements. It summarizes Federal gross obligations for the program in 1958, 1959, and 1960 and also provides data on each agency program in more detail. Included also are gross obligations incurred for clinical research, construction, and in-hospital training and for related Federal grant programs.

Excluded are various programs not involving direct medical care at Federal expense such as Public Health Service grants and other services for disease control, the medical research activities of the National Institutes of Health, and the medical services of the vocational rehabilitation program of the Department of Health, Education, and Welfare. Also excluded are the public assistance grants for medical care, and minor direct medical care programs such as emergency first-aid rooms.

Gross obligations include those payable from all sources—general fund appropriations, trust funds, and collections from patients and other non-Federal sources. In the case of interagency reimbursements, obligations are reported under the agency conducting the program rather than under the agency which ultimately pays for it.

SUMMARY OF HOSPITAL AND MEDICAL CARE PROGRAMS

The medical services maintained by the Federal Government are increasing in number, variety, and magnitude. These services have come into being at different times during the past 150 years to serve different beneficiaries, e. g., veterans, personnel of the uniformed services and their dependents, American merchant seamen, narcotic addicts, etc. Just as the beneficiaries vary, so do the degrees of responsibility assumed by the Federal Government—ranging from complete care of veterans for disabilities incurred in war service to medical care for on-the-job injuries of Federal civilian employees. The Federal Government has potential responsibilities for all or part of the medical care of 31 million citizens. About one-eighth of all hospital beds in the country are operated by Federal agencies and gross obligations for Federal hospital and medical care programs constitute approximately 2% of the total Federal budget.

Beneficiaries.—The major groups of potential beneficiaries for whom the Federal Government has some degree of responsibility are set forth in the following summary table. Since some individuals are included in more than one category because of dual entitlement to care, the actual total number of beneficiaries is approximately 31 million.

Category	Number
Veterans of all wars.....	22,727,000
Dependents of uniformed services personnel.....	3,361,000
Active duty and retired uniformed services personnel.....	2,984,000
Federal employees for in-line-of-duty disabilities.....	2,382,000
American Indians and natives of Alaska.....	385,000
American merchant seamen.....	130,500
Civilian population of Panama Canal Zone.....	64,000
Narcotic addicts.....	60,000
Inmates of Federal prisons.....	20,900
Patients with leprosy.....	1,500
Total.....	32,115,900

Care in Federal hospitals.—To provide care for these legal beneficiaries, the agencies of the Federal Government operated 565 hospitals with 194,693 operating beds and

an average daily patient load of 168,216 in 1958. One hundred five of these hospitals, with 13,700 operating beds and an average of 9,300 patients, were located in overseas areas including the Territories. In addition to hospitals, the Government also operated 18 domiciliary homes with an average daily member load of 18,037. The following table presents a comparative summary of the size and the distribution by agencies of the total Federal hospital resources and patient loads for 1958, 1959, and 1960.

Agency	Total hospitals 1958	Total operating beds, 1958	Average daily patient load		
			1958 actual	1959 estimate	1960 estimate
Veterans Administration.....	170	121,201	111,599	111,063	111,296
Department of Health, Education, and Welfare:					
Public Health Service:					
Division of Hospitals.....	16	6,539	5,282	5,280	5,274
Division of Indian Health.....	56	3,847	2,573	2,555	2,600
Freedmen's Hospital.....	1	387	324	322	306
National Institutes of Health.....	1	500	358	387	387
Saint Elizabeths Hospital.....	1	7,407	6,965	6,955	6,920
Department of Defense—Military Functions:					
Army.....	92	21,995	15,044	14,471	14,557
Navy.....	60	17,236	14,328	13,826	13,673
Air Force.....	135	12,237	9,450	9,215	9,433
Department of Defense—Civil Functions:					
Canal Zone Government.....	4	820	736	728	690
United States Soldiers' Home.....	1	457	375	393	400
Department of Justice: Bureau of Prisons.....	28	2,067	1,182	1,190	1,210
Total.....	565	194,693	168,216	166,385	166,746

The extent of the total hospital care in this country being provided by the Federal Government can best be illustrated by the fact that for the calendar year 1957, 1 of every 15 hospitals was federally operated and 1 of every 8 patients was cared for in Federal facilities.

Outpatient medical and dental care in Federal facilities.—To provide outpatient care for their beneficiaries, Federal agencies operate dispensaries, offices, and medical and dental clinics in addition to the hospitals listed above. The total medical and dental outpatient care in all Federal facilities is as follows:

Total treatments and examinations

Agency	1958 actual	1959 estimate	1960 estimate
Veterans Administration.....	1,577,977	1,586,060	1,595,000
Department of Health, Education, and Welfare:			
Public Health Service:			
Division of Hospitals.....	1,146,340	1,119,000	1,119,000
Division of Indian Health.....	574,235	606,000	640,000
Freedmen's Hospital.....	95,213	95,000	95,000
Department of Defense—Military Functions:			
Army.....	28,141,000	25,164,000	26,174,000
Navy.....	19,662,000	19,228,000	19,154,000
Air Force.....	20,828,000	19,160,000	19,169,000
Department of Defense—Civil Functions:			
Canal Zone Government.....	273,000	271,000	271,000
Department of Justice: Bureau of Prisons.....	785,574	801,520	839,000
Total.....	73,083,339	68,030,580	69,056,000

Contractual care in non-Federal facilities.—Contract care in community hospitals and by private physicians and dentists on a fee basis is utilized to supplement inpatient and outpatient care furnished in Federal facilities. For example, when operation of Federal hospitals or clinics is uneconomical because of the small number of legal bene-

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

ficiaries in a particular area, or where appropriate facilities are not available to meet specific requirements, contractual arrangements are made to insure adequate discharge of Federal responsibilities. The following table summarizes the extent of this contractual care program.

Sponsoring agency	Inpatient average daily patient load			Outpatient treatments and examinations		
	1958 actual	1959 estimate	1960 estimate	1958 actual	1959 estimate	1960 estimate
Veterans Administration	1,716	1,808	1,829	583,835	577,386	588,200
Department of Health, Education, and Welfare:						
Public Health Service:						
Division of Hospitals	154	150	146	1,000	1,000	1,000
Division of Indian Health	1,000	986	989	129,000	159,000	159,000
Department of Defense—Military Functions:						
Army	1,625	1,416	1,111			
Navy	1,651	1,462	1,463	41,447	40,000	33,446
Air Force	2,182	2,198	2,004			
Total	8,328	8,020	7,542	755,282	777,386	781,646

Capital improvement of Federal facilities.—The Federal agencies have continuing programs for the improvement of the physical facilities in which the care is rendered, including new construction, replacements, major rehabilitations and modernizations, major alterations, improvements, and repairs. In 1960 it is estimated that \$102 million will be obligated for construction or planning of new hospitals and related facilities, replacement of existing hospitals, and modernization projects.

Gross obligations for hospital and medical care.—To provide the required hospital and medical care for legal beneficiaries, either in Federal hospitals and clinics or through contractual arrangements, and to provide and maintain modern, efficient medical facilities, the Federal Government is incurring annually approximately \$1.8 billion in gross obligations as reflected in the following data.

Gross obligations

[In millions]

Purpose	1958 actual	1959 estimate	1960 estimate
Hospital and medical care in Federal facilities:			
Department of Defense—Military Functions	\$579.6	\$610.9	\$594.8
Department of Defense—Civil Functions	10.1	11.2	11.6
Department of Health, Education, and Welfare	103.9	108.8	112.9
Veterans Administration	805.6	843.2	865.5
Department of Justice	1.7	1.9	2.1
Hospital and medical care in non-Federal facilities:			
Department of Defense—Military Functions	91.4	94.3	90.3
Department of Health, Education, and Welfare	10.0	10.2	10.3
Department of Labor	5.7	6.2	6.5
Veterans Administration	17.1	16.8	18.2
Capital improvement of Federal medical facilities:			
Department of Defense—Military Functions	27.0	33.3	41.1
Department of Defense—Civil Functions	1.8	.9	6.2
Department of Health, Education, and Welfare	6.2	17.3	5.3
Veterans Administration	64.0	74.3	50.1
Total	1,724.1	1,829.3	1,814.9

HOSPITAL AND MEDICAL CARE PROGRAMS BY AGENCY

Coverage.—The material presented to this point represents a broad summary of the scope, functions, and gross obligations of the Federal hospital and medical care programs. This section of the special analysis is designed to provide an understanding of the diversity of beneficiaries, responsibilities, and means used to provide required care by the individual departments and agencies.

DEPARTMENT OF DEFENSE—MILITARY FUNCTIONS

The Department of Defense was responsible in 1958 for the complete medical and dental care of approximately 2.7 million active duty military personnel and for limited care of approximately 3.3 million dependents and 207,000 retired personnel.

To provide care for these beneficiaries, the military services of the Department operated 287 hospitals in 1958, of which 195 were in the United States and 92 were overseas. In these hospitals, an average of more than 58,000 outpatient treatments each day were provided in 1958 and the number of patients per day averaged 36,965, including 1,007 tuberculosis and 2,031 neuropsychiatric patients. The following table shows the average number of each of the categories of patients in hospitals of each of the military services in 1958.

Average number of patients by type of beneficiary, fiscal year 1958

	Army hospitals	Navy hospitals	Air Force hospitals	Total
Active duty personnel:				
Army	8,592	574	307	9,473
Navy	480	8,942	113	9,535
Air Force	831	501	5,612	6,944
Other uniformed services	14	31	4	49
Dependents	3,387	1,589	2,618	7,594
Retired personnel	428	669	167	1,264
Other	1,312	592	202	2,106
Total	15,044	12,898	9,023	36,965

The Armed Forces also operate medical and dental clinics which play a major role in maintaining the health of the Armed Forces personnel and their dependents. In 1958 the workload in these facilities, including that on board ships, amounted to 47,448,000 medical and dental outpatient treatments or examinations and a daily average of 1,857 patients.

The operation of medical facilities by the Department of Defense is financed principally by appropriations to each of the military services for medical care and pay of military personnel and by payments made by patients or other Federal agencies for care given their beneficiaries. It is estimated obligations related to the operation of medical facilities by the Department of Defense amounted to \$579.6 million in 1958.

Medical care in non-Federal facilities is primarily related to care authorized by the Dependents' Medical Care Act, Public Law 569, 84th Congress. This law, which became effective December 7, 1956, authorizes medical care at Government expense by private physicians in community hospitals for wives, children, and dependent husbands of personnel serving on active duty in the Army, Navy,

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

Marine Corps, Air Force, Coast Guard, Public Health Service, and Coast and Geodetic Survey. Restrictions in the utilization of civilian facilities have been effected by regulations to insure optimum utilization of hospitals operated by the military services. The law has made possible hospital care at Government expense for those dependents residing so far from military medical facilities that they are unable to utilize such facilities. The number of dependents receiving care in non-Federal hospitals and the obligations in 1958 and estimated program for 1959 and 1960 are shown in the following table:

	1958 actual	1959 estimate	1960 estimate
Army:			
Average daily patient load.....	1,599	1,390	1,085
Obligations (millions).....	\$24.2	\$24.0	\$19.9
Navy:			
Average daily patient load.....	1,608	1,421	1,421
Obligations (millions).....	\$28.5	\$27.9	\$29.0
Air Force:			
Average daily patient load.....	2,174	2,190	1,995
Obligations (millions).....	\$35.6	\$40.0	\$38.3
Total:			
Average daily patient load.....	5,381	5,001	4,501
Obligations (millions).....	\$88.3	\$91.9	\$87.2

In addition to the above, approximately \$3 million per year is obligated for emergency care of military personnel in non-Federal hospitals.

Construction of hospital and medical facilities.—The military construction programs each year include projects which are either replacements of inadequate hospitals, dispensaries, and dental clinics or are new facilities to serve bases being activated. Since the beginning of 1952, the construction of 65 hospitals, most of them replacements for obsolete and temporary facilities, has been authorized.

DEPARTMENT OF DEFENSE—CIVIL FUNCTIONS

United States Soldiers' Home.—The Home, established by Congress in 1851, is a 1,445-bed domiciliary home and a 488-bed hospital located in Washington, D. C., for retired or disabled regular Army and Air Force enlisted men. It provides room, board, medical, and recreational services for members. The total number of members averaged 1,739 in fiscal year 1958, of whom 375 were patients in the hospital.

Gross obligations to operate the Home are derived from a trust fund from which Congress makes annual appropriations. Income for the fund is obtained primarily from withheld pay of Army and Air Force personnel, court-martial fines, estates of deceased soldiers and airmen, and interest paid on the trust fund balance. In 1958, \$1.6 million, \$8.5 million, \$0.5 million, and \$2.5 million, respectively, accrued from these sources for a total income of \$13.1 million.

Phase I of a master plan for the modernization and expansion of the Home began in 1959 with the construction of a new service area including shops, warehouse, and garage. Phase II will begin in 1960 with the construction of a new 512-bed domiciliary building and the addition of a 70-bed wing on the hospital.

Canal Zone Government.—The Canal Zone Government health services are furnished through hospitals, clinics, aid stations, and dispensaries. The health services are provided primarily in two community-type general hospitals. In addition, the Canal Zone Government operates a neuropsychiatric hospital and a leprosarium.

These hospitals provide medical care for approximately 83,000 persons, of whom 19,000 are active duty military personnel and their dependents and 64,000 are the civilian population of the Canal Zone and employees of the United States Government and their dependents residing in the Republic of Panama.

The number of inpatients in these facilities averaged 736 in 1958 and is estimated to decrease slightly to 728 and 690 in 1959 and 1960, respectively. Outpatient visits averaged 748 each day in fiscal year 1958.

Funds are provided for the operation of Canal Zone hospitals and clinics by appropriation from Congress, but the entire cost thereof is collected either from patients, the Republic of Panama, other Federal agencies, or from the Panama Canal Company. Approximately 45% of the cost of operation of these hospitals is paid by the Panama Canal Company.

VETERANS ADMINISTRATION

The 3 appropriations which finance the direct operations of the Veterans Administration's hospital and medical program will provide funds in 1960 for the operation of 168 hospitals (including 6 having a separate annex at a nearby location), 17 domiciliary homes, 14 of which are located at hospitals, and 71 outpatient clinics; care on a contractual basis for eligible beneficiaries in other hospitals; and central and area office administration, medical research, education and training, and prosthetic research and development. Of the hospitals, 39 are neuropsychiatric, 18 tuberculosis, and 111 general medical and surgical.

Program	1958 actual	1959 estimate	1960 estimate
Average daily patient and member loads:			
Veterans Administration hospitals:			
Neuropsychiatric patients.....	61,250	61,049	61,498
Tuberculosis patients.....	11,394	10,414	9,450
General medical and surgical patients.....	38,955	39,600	40,348
Veterans Administration domiciliary homes.....	16,673	16,810	16,812
Care in non-Federal hospitals.....	1,716	1,808	1,829
Total patients and home members.....	129,988	129,681	129,937
Number of individuals visiting outpatient clinics:			
Veterans Administration clinics.....	1,577,977	1,586,060	1,595,000
Fee basis physicians and dentists.....	583,835	577,386	588,200
Operating costs (in millions).....	\$822.7	\$859.9	\$883.7

Almost two-thirds of all the patients in Veterans Administration hospitals are receiving care and treatment for conditions not related to their military service, ranging from 90% of the general medical and surgical patients to 75% of the tuberculosis patients and 45% of the psychiatric patients. Similarly 80% of the members in Veterans Administration domiciliary homes are non-service-connected. Under existing law such veterans who state under oath that they are unable to defray the costs of care and treatment for such diseases and disabilities are eligible for

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

hospitalization in Veterans Administration facilities to the extent that beds are available. Care under the outpatient program is limited to service incurred conditions except for Spanish American War veterans.

Recent studies indicated that, as of June 1957, 59% of all hospitalized veterans and 48% of those hospitalized for non-service-connected conditions in the entire country were receiving their care under Veterans Administration auspices.

Veterans hospitalized by type of patient and service-connected status as of June 1957

Type of patient	All hospitalized veterans			Non-service-connected patients		
	Total	Under Veterans Administration auspices		Total	Under Veterans Administration auspices	
		Number	Percent of total		Number	Percent of total non-service-connected patients
Tuberculosis.....	18,200	12,200	67	15,100	9,100	60
Psychiatric.....	84,900	57,300	68	53,600	26,000	49
General medical, surgical, and neurological.....	84,700	40,700	48	80,100	36,100	45
Total.....	187,800	110,200	59	148,800	71,200	48

Hospitalization of Veterans Administration beneficiaries in other Federal hospitals and in non-Federal hospitals in the Territories and possessions of the United States is provided for either service-connected or non-service-connected conditions to insure coverage in areas where there is a shortage of Veterans Administration facilities. Hospitalization in non-Federal hospitals in the continental United States is provided when suitable facilities are not feasibly available in Veterans Administration hospitals and is restricted to male veterans requiring hospitalization for service-connected conditions, female veterans in need of hospitalization for treatment of either service or non-service-connected conditions, and those veterans requiring hospitalization to prevent interruption of their vocational rehabilitation training.

For fiscal year 1960 a construction program is recommended with new obligational authority of \$20,159,000. This will provide \$3,000,000 for the full cost of construction of a large number of minor projects (costing less than \$300,000 each), \$1,980,000 for planning the construction of \$22,000,000 worth of larger modernization projects, \$14,379,000 for construction of projects planned in 1959, and \$800,000 for plans for the construction of a 400-bed hospital building at the Veterans Administration hospital at Oteen, N. C.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Public Health Service, Division of Hospitals.—The activities of the Division of Hospitals include the operation of hospitals, outpatient clinics, Coast Guard medical care aboard ship and at shore stations, and care in non-Federal facilities including beneficiaries under the Dependents' Medical Care Act.

The division operates 16 hospitals including 12 general, 1 tuberculosis, and 2 narcotic hospitals plus the National Leprosarium. An average of 154 patients were treated in non-Federal facilities in 1958, and it is estimated that 150

and 146 will be treated in 1959 and 1960 respectively. Included in the average load in non-Federal facilities for the 3-year period are 99, 95, and 91 patients respectively under the Dependents' Medical Care Act. The outpatient facilities include 26 clinics and 99 offices. They provided care for 559,000 outpatients in 1958, and it is estimated that the number for 1959 and 1960 will be 544,000 for each year.

Gross obligations for medical care amounted to \$43.5 million in 1958, and it is estimated that \$45.6 million will be obligated in 1959 and \$46.7 million in 1960. Included in these total obligations for the 3-year period are \$1.8 million, \$1.7 million, and \$1.8 million, respectively, for the care of beneficiaries under the Dependents' Medical Care Act in non-Federal facilities.

Average daily patient load

	1958 actual	1959 estimate	1960 estimate
By type of hospital:			
General.....	2,743	2,710	2,724
Mental (including narcotic).....	1,960	2,000	2,000
Tuberculosis.....	283	275	260
Leprosarium.....	296	295	290
Total.....	5,282	5,280	5,274
By type of beneficiary:			
American merchant seamen.....	2,228	2,200	2,200
Narcotic addicts.....	1,361	1,385	1,385
Patients with leprosy.....	298	295	290
Coast Guard personnel.....	316	319	319
Bureau of employees compensation.....	262	262	262
Veterans.....	249	250	250
Dependents of uniformed services.....	163	199	199
All other.....	405	370	369
Total.....	5,282	5,280	5,274

Public Health Service, Division of Indian Health.—The Division of Indian Health provides health services to 385,000 Indians and natives of Alaska through the operation of 52 general hospitals and 4 tuberculosis sanatoria, outpatient clinics associated with the 56 hospitals and 213 other medical facilities such as health centers and health stations. Medical care is also provided by contractual arrangements with community hospitals and private physicians. In addition, many services designed to improve health standards of the Indians are provided including public health nursing, school health, dental care, improved sanitation and water supply, and health education.

The following table shows the actual inpatient and outpatient workloads for 1958 and those estimated for 1959 and 1960:

	1958 actual	1959 estimate	1960 estimate
Indian hospitals:			
Average daily patient load.....	2,573	2,555	2,600
Outpatient visits.....	574,235	606,000	640,000
By contractual arrangements with non-Federal facilities:			
Average daily patient load.....	1,000	986	989
Outpatient visits.....	129,000	159,000	159,000

Total obligations for medical care services, excluding construction of facilities, were \$40.6 million in 1958 and are estimated to total \$41.8 million and \$43.4 million in 1959 and 1960, respectively.

The Indian health construction program embraces construction of new hospitals, health centers, and clinics; complete modernization and extensive major renovation of existing permanent facilities; and housing for personnel.

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

Since the transfer of responsibilities from the Department of Interior on July 1, 1955, funds have been appropriated for 5 new hospitals, modernization of 4 other hospitals, and for numerous clinics, housing units, and other smaller projects.

Public Law 151, 85th Congress, provides for assistance in building community hospitals in lieu of constructing separate Federal facilities for Indians. Including this assistance for community hospitals, obligations for construction of Indian health facilities are estimated to be \$4.7 million in 1960, as compared to an estimate of \$12.5 million in 1959, and actual obligations of \$4.5 million in 1958.

Public Health Service, Clinical Center.—The 500-bed facility of the National Institutes of Health with related clinical research laboratories is an integral part of the medical research program and provides medical care to patients, the treatment of whom is integrated with specific research projects conducted by the seven institutes. Only those patients having illnesses which afford material suitable to specific clinical investigations being conducted are admitted to the hospital.

The center is financed from appropriations of the seven institutes and the General research and services appropriation. Total obligations amounted to \$9.2 million in 1958 and are estimated at \$10.1 million and \$10.2 million for 1959 and 1960. The obligations for direct care only included in the above for the 3-year period are \$6.5 million, \$7.1 million and \$7.1 million.

Saint Elizabeths Hospital.—Saint Elizabeths Hospital, originally established in 1855, is a 7,400-bed mental hospital located in Washington, D. C., which provided care for an average of 6,965 patients in 1958. Of these, 74% were residents of the District of Columbia; the remainder were various groups of Federal beneficiaries.

Average daily patient load

Category of patients	1958 actual	1959 estimate	1960 estimate
District of Columbia residents	5,132	5,095	5,040
Federal and District of Columbia prisoners	529	580	619
Veterans	354	350	350
Uniformed service personnel	333	320	298
District of Columbia nonresidents	218	218	218
Virgin Islanders	140	145	148
Other Federal patients	254	247	247
Total	6,965	6,955	6,920

Funds for the operation of the hospital in fiscal year 1960 are to be obtained from (a) direct appropriation for Federal beneficiaries, \$3,715,000; (b) reimbursements from Federal agencies, \$1,217,000; (c) reimbursements from the District of Columbia Government, \$13,226,000; and (d) other income, \$72,000.

A long-range program was developed by the General Services Administration in 1945 for replacing the old and obsolete buildings at the hospital. Three buildings have been completed, a fourth is under construction, and planning is underway for a new cafeteria and treatment building. The District of Columbia Government is required to contribute a share of the construction costs of these buildings over a 40-year period proportional to the number of patients who are District of Columbia residents.

Freedmen's Hospital.—Freedmen's Hospital, consisting of 320 general and 150 tuberculosis beds and an outpatient

department, has traditionally been affiliated with the Howard University College of Medicine as a teaching hospital and has served as a community hospital for the Negro population in the Washington, D. C., metropolitan area. It is the only Federal hospital operating a school of nursing education. The inpatient and outpatient loads have remained fairly steady for the last 3 years:

	1958 actual	1959 estimate	1960 estimate
General hospital	268	266	259
Tuberculosis annex	56	56	47
Total	324	322	306
Outpatient visits	95,213	95,000	95,000

Operation of the hospital is to be financed in 1960 by (a) direct Federal appropriation to support the training program and care of indigent patients, \$3,190,000; (b) income from private patients, \$1,061,750; (c) reimbursement from the District of Columbia Government for certified indigent patients, \$450,000; and (d) reimbursement from surrounding county governments for indigent patients, \$18,250.

Legislation has been sponsored by the Department of Health, Education, and Welfare to transfer Freedmen's Hospital from the Department to Howard University. It would also authorize modernization and construction to provide a modern 500-bed hospital as well as Federal grants for operation over a period of years, on a decreasing basis, to aid the hospital to become self-sufficient.

DEPARTMENT OF LABOR

Bureau of Employees Compensation.—Federal employees injured in the course of their employment receive medical care either in Federal hospitals or through use of community hospitals and private physicians. Care furnished through hospitals and clinics of the Public Health Service are financed directly by that agency while the Bureau of Employees Compensation assumes financial responsibility for care provided in other Federal hospitals and through local community resources. Total obligations incurred by the Department of Labor for care through community resources in 1958 were \$5.7 million and are estimated to be \$6.2 and \$6.5 million in 1959 and 1960, respectively.

DEPARTMENT OF JUSTICE

Bureau of Prisons.—Medical services are furnished to the Federal prison system by the Department of Health, Education, and Welfare, through the Public Health Service, under the act of May 13, 1930. Twenty-eight hospitals and infirmaries, which provide both inpatient and outpatient services, were operated in Federal penal institutions in 1958. Acute disorders are usually cared for in prison hospitals, but inmates with chronic illnesses are transferred to the 1,000-bed Medical Center at Springfield, Mo.

The normal bed capacity of the system in 1958 was 2,067 and is expected to increase to 2,101 by 1960. The average daily patient load was 1,182 in 1958 and is estimated to increase to 1,190 and 1,210 in 1959 and 1960, respectively. Total outpatient treatments and examinations for each fiscal year are 785,574, 801,520, and 839,000.

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

Included in these figures is the Springfield Medical Center which had an average daily patient load of 822 in 1958, of which 457 were mental patients.

Obligations for medical care of the inmates of Federal penal institutions were \$1.7 million in 1958 and are estimated at \$1.9 million and \$2.1 million for 1959 and 1960, respectively.

FEDERAL GRANTS FOR HOSPITAL, MEDICAL, AND DOMICILIARY CARE, AND HOSPITAL CONSTRUCTION

In addition to the operation of its own medical and hospital facilities and contracting for care of its beneficiaries in non-Federal facilities, the Federal Government makes grants-in-aid to assist States and localities in meeting their community hospital and domiciliary needs.

VETERANS ADMINISTRATION

State veterans' homes.—Domiciliary care is provided by 28 States in 33 State homes for veterans. The Veterans Administration assists financially these State homes in caring for veterans who would be eligible for care in Veterans Administration facilities by making grants of \$700 per year per veteran, or one-half the per capita cost of maintenance, whichever is less. The Veterans Administration contribution to maintenance and operation of the State homes was \$5,971,341 in 1958 with estimates of \$6,158,000 and \$6,480,000 in 1959 and 1960, respectively. The number of beneficiaries for whom care will be provided in 1960 is 9,600 as compared with 9,318 in 1958 and 9,500 in 1959.

Grants to the Republic of the Philippines.—Grants to the Republic of the Philippines are made, in accordance with the act of July 1, 1948, as amended, for the medical care and treatment of certain veterans in the Philippines. Grants totaled \$1,590,000 in 1958, \$1,250,000 in 1959, and \$2,000,000 in 1960, the latter estimate based on the revised program enacted by Congress in Public Law 85-461.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Payments to Hawaii.—Grants are made to the Territory of Hawaii to defray the cost of care and treatment of persons afflicted with leprosy. The Territory is reimbursed to the extent of cost of the program up to the amount appropriated annually by Congress. Actual obligations were \$1 million in 1958 with the same amount estimated for 1959 and 1960.

Hospital and medical facilities survey and construction program.—The purpose of the hospital and medical facilities survey and construction program is to assist, through

the States, in providing adequate community hospital and other diagnostic and treatment services to the people of the Nation. This is accomplished in two steps; namely, the development of a basic plan for meeting the hospital and other medical facility needs of each State, and the construction of such facilities in the order of priority of need within each State.

The Public Health Service assisted the States in making the initial surveys of need for hospitals and related facilities and development of plans to meet these needs by contributing from one-third to one-half of the cost incurred by the States. The States bear the full cost of keeping the plans up to date. Financial assistance is also provided States and Territories, local governments, and nonprofit agencies to defray from one-third to two-thirds of the costs of construction of hospitals, rehabilitation facilities, diagnostic and treatment centers, nursing homes, public health centers, and related health facilities on the basis of population and economic need.

Appropriations are made to enable the Surgeon General to conduct research, experiments, and demonstrations relating to the effective development and utilization of community hospital services, facilities, and resources, or to make grants-in-aid to States, political subdivisions, universities, hospitals, and other public and private nonprofit institutions or organizations for such research projects.

The appropriation estimate for hospital and medical facilities construction and for research activities for 1960 is \$101.2 million, of which \$79 million is for hospitals and public health centers; \$4 million for nursing homes; \$6.5 million for diagnostic or treatment centers; \$4 million for rehabilitation centers; \$6.5 million for chronic disease hospitals; and \$1.2 million for research.

As of June 30, 1958, approximately one billion dollars in Federal funds had been committed to construct 3,972 projects in the States and Territories. This, in turn, has been matched by over \$2.2 billion of State and local funds. Approximately 2,600 of the projects to which funds have been allotted have been completed and are serving their respective communities. Nearly 1,200 projects are under construction and the remainder are in the preconstruction stage. Completion of all of these projects will add or replace 170,094 hospital and nursing home beds and 1,069 new public health centers, and will result in the construction, expansion, or remodeling of 196 diagnostic or treatment centers and 82 rehabilitation facilities.

Grants to the States and Territories under the hospital survey and construction program resulted in Federal obligations for 1958 of \$131.5 million, and are expected to reach \$166.8 million in 1959 and \$135.2 million in 1960.

SPECIAL ANALYSIS J—Continued

FEDERAL HOSPITAL AND MEDICAL CARE PROGRAMS—Continued

Gross obligations ¹ for Federal hospital and medical care programs
[In thousands]

Purpose and agency	1958 actual	1959 estimate	1960 estimate
HOSPITAL AND MEDICAL CARE IN FEDERAL FACILITIES			
Veterans Administration.....	\$805,602	\$843,166	\$865,499
Department of Defense—Military Functions:			
Army.....	236,600	240,500	229,502
Navy.....	194,400	201,929	199,000
Air Force.....	148,600	168,445	166,300
Department of Defense—Civil Functions:			
Canal Zone Government.....	5,446	6,205	6,398
United States Soldiers' Home.....	4,644	5,019	5,202
Department of Health, Education, and Welfare:			
Public Health Service:			
Division of Hospitals.....	41,063	43,217	44,244
Division of Indian Health.....	33,089	33,970	35,492
Freedmen's Hospital.....	4,346	4,570	4,720
Clinical Center, National Institutes of Health.....	9,203	10,127	10,157
Saint Elizabeths Hospital.....	16,161	16,927	18,230
Department of Justice: Bureau of Prisons.....	1,748	1,906	2,071
Total, hospital and medical care in Federal facilities.....	1,500,902	1,575,981	1,586,815
HOSPITAL AND MEDICAL CARE IN NON-FEDERAL FACILITIES			
Veterans Administration.....	17,125	16,752	18,221
Department of Defense—Military Functions:			
Army.....	25,100	24,900	20,800
Navy.....	29,600	29,000	29,800
Air Force.....	36,700	40,400	39,700
Department of Health, Education, and Welfare:			
Public Health Service:			
Division of Hospitals.....	2,432	2,347	2,483
Division of Indian Health.....	7,532	7,851	7,858
Department of Labor.....	5,700	6,200	6,500
Total, hospital and medical care in non-Federal facilities.....	124,189	127,450	125,362

¹ Gross obligations include those payable from all sources—General appropriations, trust funds, and collections from patients and other non-Federal sources.

Purpose and agency	1958 actual	1959 estimate	1960 estimate
CONSTRUCTION OF FEDERAL HOSPITALS AND RELATED FACILITIES, INCLUDING ALTERATIONS			
Veterans Administration.....	\$63,968	\$74,281	\$50,114
Department of Defense—Military Functions:			
Army.....	13,600	8,000	5,400
Navy.....	4,200	1,600	12,700
Air Force.....	9,200	23,700	23,000
Department of Defense—Civil Functions:			
Canal Zone Government.....		455	500
United States Soldiers' Home.....	1,818	447	5,693
Department of Health, Education, and Welfare:			
Public Health Service:			
Division of Hospitals.....	792	1,870	87
Division of Indian Health.....	4,529	12,485	4,725
Clinical Center, National Institutes of Health.....	325	2,000	77
Saint Elizabeths Hospital.....	573	924	449
Total, Federal construction of hospitals and related facilities, including alterations.....	99,005	125,762	102,745
FEDERAL GRANTS FOR HOSPITAL, MEDICAL, AND DOMICILIARY CARE, AND HOSPITAL CONSTRUCTION			
Veterans Administration:			
For State veterans' homes.....	5,971	6,158	6,480
To the Republic of the Philippines.....	1,590	1,250	2,000
Department of Health, Education, and Welfare:			
To Territory of Hawaii.....	1,000	1,000	1,000
Hospital and medical facilities survey and construction grants.....	131,512	166,750	135,204
Total, grants for hospital, medical, and domiciliary care, and hospital construction.....	140,073	175,158	144,684
Total, all functions.....	1,864,169	2,004,351	1,959,606

SPECIAL ANALYSIS K
SELECTED INVESTMENTS AND INTERFUND TRANSACTIONS

BY AGENCY AND ACCOUNT TITLE

[In thousands]

Description	1958 actual	1959 estimate	1960 estimate
PUBLIC ENTERPRISE FUNDS			
Investments in Government securities:			
Independent offices:			
Federal Home Loan Bank Board: Federal Savings and Loan Insurance Corporation fund.....	\$19,160	\$18,650	\$47,000
Veterans Administration: Veterans' special-term insurance fund.....	14,185	11,233	7,000
Housing and Home Finance Agency:			
Office of the Administrator: Revolving fund (liquidating programs).....	• 17		
Federal National Mortgage Association:			
Management and liquidating functions fund (debentures issued and redeemed by Federal Housing Administration, net).....	6,051	18,000	• 10,000
Special assistance functions fund (debentures issued by Federal Housing Administration, net).....	8		
Federal Housing Administration fund.....	51,243	71,900	102,240
Total investments in Government securities	90,630	119,783	146,240
Issuance (—) and redemption (+) of debt to the public:			
Independent offices:			
Farm Credit Administration: Federal Farm Mortgage Corporation fund.....	+25	+25	+25
Federal Home Loan Bank Board: Home Owners' Loan Corporation fund.....	+24	+25	+25
Tennessee Valley Authority: Proposed legislation.....		-40,000	-80,000
Housing and Home Finance Agency:			
Federal Housing Administration fund ¹	+5,869	-3,625	+9,062
Management and liquidating functions fund.....	-233,411	+6,441	
Total issuance (—) and redemption (+) of debt to the public.....	-227,493	-37,134	-70,888
Net increase (—) or decrease (+) in cash balances due to debt and investment transactions of public enterprise funds.....	-136,863	+82,649	+75,352
TRUST FUNDS			
Investments in Government securities:			
Legislative branch: Library of Congress trust fund principal accounts.....	• \$120		• \$16
The Judiciary: Judicial survivors annuity fund.....	240	\$200	170
Independent offices:			
Civil Service Commission:			
Civil service retirement and disability fund.....	669,200	864,607	732,565
Employees' life insurance fund.....	35,600	55,090	41,000
Farm Credit Administration: Operating fund, Federal intermediate credit banks.....	190	415	
National Capital Housing Authority: Operation and maintenance, etc.....		751	• 500
Railroad Retirement Board: Railroad retirement account.....	• 33,105	230,047	147,000
Veterans Administration:			
General post fund.....	• 926	• 734	
National service life insurance fund.....	95,009	80,031	85,150
United States Government life insurance fund.....	• 56,311	• 18,700	• 22,800
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations (trust revolving fund).....	22		
Department of Agriculture: Farmers' Home Administration: State rural rehabilitation funds.....	5	4	5
Department of Commerce:			
Bureau of Public Roads: Highway trust fund.....	417,782	• 254,226	• 153,100
Maritime activities trust fund.....	163	• 587	
Department of Defense—Military Functions: Navy trust funds.....		7	
Department of Health, Education, and Welfare: Public Health Service trust funds.....	• 5	• 5	• 5
Department of the Interior:			
Bureau of Indian Affairs trust funds.....	9		
National Park Service trust funds.....	1		
Department of Labor: Bureau of Employees' Compensation trust funds.....		• 40	• 40
Department of State: Foreign Service retirement and disability fund.....	1,865	1,936	2,157
Treasury Department:			
Office of the Secretary:			
Federal disability insurance trust fund.....	729,095	555,461	540,000
Federal old-age and survivors' insurance trust fund.....	• 499,129	• 1,004,954	• 59,985
Unemployment trust fund.....	• 1,255,065	• 1,019,994	• 499,957
Bureau of Accounts trust funds.....	• 315	• 96	• 3,140
District of Columbia:			
Miscellaneous trust fund deposits.....	10	21	
Redevelopment program, Redevelopment Land Agency.....	• 11,307	983	
Teachers' retirement and annuity fund.....	1,735	1,700	1,700
Welfare funds, Department of Corrections.....	15		
Investment accounts.....	9,947		
Total investments or redemptions in Government securities.....	104,605	• 508,083	810,204

• Deduct, excess of sales and redemptions over investments.

¹ Includes net issuances of debentures to Federal National Mortgage Association of \$6,059 thousand in 1958 and an estimated \$18,000 thousand in 1959; and net redemptions of \$10,000 thousand in 1960.

SPECIAL ANALYSIS K—Continued
SELECTED INVESTMENTS AND INTERFUND TRANSACTIONS—Continued

BY AGENCY AND ACCOUNT TITLE—Continued

[In thousands]

Description	1958 actual	1959 estimate	1960 estimate
TRUST FUNDS—Continued			
Issuance (—) and redemption (+) of debt to the public:			
Independent offices: Farm Credit Administration: Operating fund, Federal Intermediate credit banks.....	—\$224,900	+\$110,170	-----
Housing and Home Finance Agency: Federal National Mortgage Association: Secondary market operations (trust revolving fund).....	—115,075	—349,815	—\$485,000
Total issuance (—) and redemption (+) of debt to the public.....	—339,975	—239,645	—485,000
Net decrease (+) or increase (—) in cash balances due to trust fund debt and investment transactions.....	—235,370	—747,725	325,204
CAPITAL TRANSFERS FROM REVOLVING FUNDS TO THE GENERAL FUND			
Legislative branch: Government Printing Office: Government Printing Office revolving fund: Payment of earnings to Treasury.....	\$1,451	\$5,392	\$3,350
Executive Office of the President: Office of Civil and Defense Mobilization: Civil defense procurement fund: Repayment of principal to Treasury.....	3,500	-----	-----
Independent offices:			
Civil Service Commission: Investigations revolving fund: Payment of earnings to Treasury.....	9	5	-----
Export-Import Bank of Washington:			
Export-Import Bank of Washington fund: Payment of dividend to Treasury.....	22,500	22,500	22,500
Liquidation of certain Reconstruction Finance Corporation assets:			
Payment of profits to Treasury.....	8	2	-----
Repayment of investment to Treasury.....	25	1,259	6
Farm Credit Administration: Federal Farm Mortgage Corporation fund:			
Payment of dividend to Treasury.....	2,900	2,100	1,700
Repayment of capital stock to Treasury.....	10	-----	-----
Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation fund:			
Payment of return on capital stock to Treasury.....	1,093	765	-----
Repayment of capital stock to Treasury.....	16,170	24,801	-----
Small Business Administration: Reconstruction Finance Corporation liquidation fund: Repayment of investment to Treasury.....	-----	7,000	3,000
Tennessee Valley Authority: Repayment of investment to Treasury:			
Payment on power investment.....	10,000	-----	-----
Payment of nonpower proceeds.....	1,836	1,915	2,097
Veterans Administration:			
Canteen service revolving fund:			
Payment of profits to Treasury.....	543	251	264
Repayment of investment to Treasury.....	385	-----	-----
Supply fund: Payment of earnings to Treasury.....	-----	33	-----
General Services Administration:			
Real property activities:			
Cost of maintenance, repair, etc., of improvements, public buildings: Payment of profits to Treasury.....	543	549	-----
Maintenance, etc., Lafayette Building, Washington, D. C., public buildings: Payment of profits to Treasury.....	35	34	-----
Buildings management fund: Payment of earnings to Treasury.....	232	398	500
Personal property activities: General supply fund: Payment of earnings to Treasury.....	1,080	2,172	2,400
Defense materials activities: Abaca fiber program: Repayment of investment to Treasury.....	-----	2,500	4,189
General activities:			
Federal Facilities Corporation fund: Repayment of investment to Treasury.....	6,000	-----	-----
Working capital fund: Payment of earnings to Treasury.....	2	10	5
Housing and Home Finance Agency:			
Office of the Administrator:			
Revolving fund (liquidating programs): Repayment of investment to Treasury.....	40,000	28,000	23,000
Community disposal operations fund: Repayment of investment to Treasury.....	16,000	18,000	13,000
Federal National Mortgage Association: Special assistance functions fund: Payment of dividend to Treasury.....	2,445	-----	-----
Public Housing Administration: Low rent public housing program fund: Payment of property receipts to Treasury.....	716	536	749
Department of Commerce:			
General administration:			
Defense production guarantees: Payment of profits to Treasury.....	-----	-----	6
Working capital fund: Payment of earnings to Treasury.....	-----	36	-----
National Bureau of Standards: Working capital fund: Payment of earnings to Treasury.....	124	20	-----
Department of Defense—Military Functions:			
Defense housing, Army: Payment of profits to Treasury.....	-----	750	500
Defense housing, Navy:			
Payment of profits to Treasury.....	-----	75	75
Repayment of investments to Treasury.....	-----	375	-----
Department of Health, Education, and Welfare: Social Security Administration: Operating fund, Bureau of Federal Credit Unions: Repayment of investment to Treasury.....	75	50	50
Department of the Interior:			
Bureau of Reclamation:			
Continuing fund for emergency expenses, Fort Peck project, Montana: Payment of profits to Treasury.....	1,170	1,167	1,642
Upper Colorado River Basin fund: Payment of profits to Treasury.....	4	3	3
Bureau of Mines: Development and operation of helium properties: Payment of profits to Treasury.....	500	-----	-----
Office of Territories: Loans to private trading enterprises, Trust Territory of the Pacific Islands: Payment of profits to Treasury.....	-----	40	10
Department of Justice: Federal Prison Industries, Inc.: Payment of dividend to Treasury.....	2,000	2,750	3,000
Treasury Department: Office of the Secretary: Reconstruction Finance Corporation liquidation fund: Repayment of investment to Treasury.....	12,125	7,161	4,385
Total, capital transfers from revolving funds to the general fund.....	143,481	130,649	86,431

SPECIAL ANALYSIS L
HISTORICAL COMPARISON OF BUDGET RECEIPTS AND EXPENDITURES BY FUNCTION

FISCAL YEARS 1951 THROUGH 1960

Based on existing and proposed legislation

[In millions]

Description	Actual								Estimate	
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
BUDGET RECEIPTS										
Individual income taxes.....	\$21,643	\$27,913	\$30,108	\$29,542	\$28,747	\$32,188	\$35,620	\$34,724	\$36,900	\$40,700
Corporation income taxes.....	14,106	21,225	21,238	21,101	17,861	20,880	21,167	20,074	17,000	21,448
Excise taxes.....	8,648	8,851	9,868	9,945	9,131	9,929	9,055	8,612	8,467	8,945
Employment taxes ¹	234	256	274	283	579	322	328	333	328	340
Estate and gift taxes.....	708	818	881	934	924	1,161	1,365	1,393	1,365	1,415
Customs.....	609	533	596	542	585	682	735	782	840	900
Miscellaneous receipts ²	1,620	1,794	1,859	2,309	2,562	3,004	2,760	3,200	3,100	3,352
Total, budget receipts.....	47,568	61,391	64,825	64,655	60,390	68,165	71,029	69,117	68,000	77,100
BUDGET EXPENDITURES										
Major national security:										
061 Military defense.....	19,764	38,899	43,611	40,336	35,532	35,791	38,439	39,062	40,800	40,945
066 Development and control of atomic energy.....	897	1,670	1,791	1,895	1,857	1,651	1,990	2,268	2,630	2,745
067 Stockpiling and defense production expansion.....	793	966	1,008	1,045	944	588	490	625	378	265
068 Military assistance.....	991	2,442	3,954	3,629	2,292	2,611	2,352	2,187	2,312	1,850
Total, major national security.....	22,444	43,976	50,363	46,904	40,626	40,641	43,270	44,142	46,120	45,805
International affairs and finance:										
151 Conduct of foreign affairs.....	190	142	150	130	121	120	157	176	246	216
152 Economic and technical development.....	3,506	2,584	1,960	1,511	1,960	1,616	1,686	1,909	3,321	1,768
153 Foreign information and exchange activities.....	40	99	106	91	100	111	133	149	141	144
Total, international affairs and finance.....	3,736	2,826	2,216	1,732	2,181	1,846	1,976	2,234	3,708	2,129
Veterans' services and benefits:										
101 Veterans' education and training.....	1,943	1,326	659	546	664	767	774	699	619	490
102 Other veterans' readjustment benefits.....	163	122	138	158	150	123	126	168	149	115
103 Veterans' compensation and pensions.....	2,171	2,178	2,420	2,482	2,681	2,798	2,870	3,104	3,257	3,307
104 Veterans' insurance and servicemen's indemnities.....	50	216	102	100	57	105	47	43	44	49
105 Veterans' hospitals and medical care.....	745	784	757	782	727	788	801	856	930	946
106 Other veterans' services and administration.....	270	238	223	188	178	176	175	156	199	181
Total, veterans' services and benefits.....	5,342	4,863	4,298	4,256	4,457	4,756	4,793	5,026	5,198	5,088
Labor and welfare:										
211 Labor and manpower.....	254	275	281	277	328	475	400	458	827	425
212 Public assistance.....	1,187	1,180	1,332	1,439	1,428	1,457	1,558	1,797	1,987	2,022
213 Promotion of public health.....	306	330	318	290	275	351	469	546	669	678
214 Promotion of education.....	91	175	290	273	324	279	290	315	436	479
215 Promotion of science, research, libraries, and museums.....	58	39	34	33	53	56	71	72	133	228
216 Correctional and penal institutions.....	26	21	27	26	28	31	32	34	41	45
217 Other welfare services and administration.....	142	148	144	147	137	171	203	225	287	251
Total, labor and welfare.....	2,065	2,168	2,426	2,485	2,575	2,821	3,022	3,447	4,380	4,129
Agriculture and agricultural resources:										
351 Stabilization of farm prices and farm income.....	—461	46	2,125	1,689	3,486	3,900	3,430	3,151	5,386	4,490
352 Financing farm ownership and operation.....	339	272	109	256	236	231	227	239	251	196
353 Financing rural electrification and rural telephones.....	276	243	239	217	204	217	267	297	325	335
354 Conservation and development of agricultural land and water resources.....	345	340	320	253	291	305	375	448	514	675
355 Research and other agricultural services.....	151	144	142	142	173	215	227	255	299	301
Total, agriculture and agricultural resources.....	650	1,045	2,936	2,557	4,389	4,868	4,526	4,359	6,775	5,996
Natural resources:										
401 Conservation and development of land and water resources.....	1,068	1,140	1,234	1,056	935	803	925	1,138	1,209	1,242
402 Conservation and development of forest resources.....	81	95	107	117	118	138	162	174	194	186
403 Conservation and development of mineral resources.....	36	35	38	37	37	38	62	59	78	78
404 Conservation and development of fish and wildlife.....	26	30	34	38	43	45	51	60	60	70
405 Recreational use of natural resources.....	30	33	30	33	35	44	59	69	97	83
409 General resource surveys and administration.....	26	32	34	35	34	35	38	43	61	51
Total, natural resources.....	1,267	1,366	1,476	1,315	1,202	1,104	1,296	1,543	1,708	1,710

¹ Includes Railroad Unemployment Insurance Act receipts in 1951 and 1952.

² Includes taxes not otherwise classified.

SPECIAL ANALYSIS L—Continued

HISTORICAL COMPARISON OF BUDGET RECEIPTS AND EXPENDITURES BY FUNCTION—Continued

FISCAL YEARS 1951 THROUGH 1960—Continued

Based on existing and proposed legislation—Continued

[In millions]

Description	Actual								Estimate	
	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
BUDGET EXPENDITURES—Continued										
Commerce and housing:										
511 Promotion of water transportation.....	\$281	\$420	\$455	\$370	\$349	\$420	\$365	\$392	\$463	\$488
512 Provision of highways.....	455	470	572	586	647	783	40	31	36	3
513 Promotion of aviation and space flight.....	222	237	239	275	253	251	295	404	678	903
514 Postal service.....	626	740	659	312	356	463	518	674	752	109
515 Community development and facilities.....	8	15	45	37	56	4	49	78	119	145
516 Public housing programs.....	124	148	29	-401	-115	31	60	51	93	93
517 Other aids to housing.....	469	511	413	-142	270	19	-60	228	1,025	149
518 Other aids to business.....	-45	-169	-111	-330	-404	-83	59	115	205	213
519 Regulation of commerce and finance.....	76	190	137	45	38	41	45	49	58	60
520 Civil and defense mobilization.....		34	53	63	45	58	65	66	60	65
521 Disaster insurance, loans, and relief.....		28	12	1	12	43	21	21	20	16
Total, commerce and housing.....	2,217	2,624	2,504	817	1,504	2,030	1,455	2,109	3,509	2,243
General government:										
601 Legislative functions.....	50	50	49	49	60	77	90	88	104	136
602 Judicial functions.....	30	30	29	29	31	38	40	44	49	51
603 Executive direction and management.....	17	13	9	8	10	9	9	10	13	13
604 Federal financial management.....	413	438	442	449	431	475	476	502	566	563
605 General property and records management.....	181	232	185	155	164	164	194	239	343	373
606 Central personnel management and employment costs.....	351	368	387	93	115	334	627	140	215	211
607 Civilian weather services.....	24	26	28	26	25	34	38	39	49	51
608 Protective services and alien control.....	126	176	147	160	157	188	187	199	217	219
609 Territories and possessions, and the District of Columbia.....	22	50	55	53	67	69	74	73	94	98
610 Other general government.....	112	79	140	213	139	238	51	20	25	19
Total, general government.....	1,327	1,463	1,472	1,235	1,199	1,627	1,787	1,356	1,673	1,735
Interest:										
651 Interest on the public debt.....	5,615	5,853	6,504	6,382	6,370	6,787	7,244	7,607	7,500	8,000
652 Interest on refunds of receipts.....	93	76	75	83	62	54	57	74	92	87
653 Interest on uninvested funds.....	6	5	5	5	5	6	6	8	9	9
Total, interest.....	5,714	5,934	6,583	6,470	6,438	6,846	7,305	7,689	7,601	8,096
Allowance for contingencies.....									200	100
Adjustment to daily Treasury statement basis.....	-705	-857								
Total, budget expenditures.....	44,058	65,408	74,274	67,772	64,570	66,540	69,433	71,936	80,871	77,030
Budget surplus (+) or deficit (-).....	+3,510	-4,017	-9,449	-3,117	-4,180	+1,626	+1,596	-2,819	-12,871	+70
MEMORANDUM										
Capital transfers from revolving funds to the general fund.....	\$208	\$268	\$265	\$364	\$695	\$391	\$225	\$143	\$131	\$86
Investments of revolving funds in U. S. securities.....	104	101	79	-77	126	101	36	91	120	146

NOTE.—Special analysis C identifies agencies with expenditures currently included in each category; the chapter summary for each agency shows the functional classification for each item.

The following changes have been made in the functional classification from the 1959 budget to the 1960 budget:

1. A new subfunction 061, Military defense, replaces the five former categories 051 through 055. The remaining subfunctions in the major national security category have been renumbered 066, 067, and 068.

2. The "Defense support" portion of the mutual security program has been reclassified from major national security (068) to International affairs and finance (152). Category 068 has been retitled "Military assistance."

3. Category 513 has been retitled "Promotion of aviation and space flight" in recognition of the expanded activities of the new National Aeronautics and Space Administration.

4. The school milk program of the Department of Agriculture has been reclassified from Agriculture and agricultural resources (351) to Labor and welfare (217).

5. Rental payments under the conservation reserve portion of the Agriculture soil bank programs have been reclassified from category 351 to 354.

6. Expenditures of the former Office of Defense Mobilization have been reclassified from General government (603) to Commerce and housing (520), to make prior years comparable with the current classification. Category 520 has been retitled "Civil and defense mobilization."

